

**INVESTMENT ADVISER BROCHURE**

**CLOVERFIELDS CAPITAL GROUP, LP**

**Cloverfields Capital Group, LP  
200 Washington Avenue North, Suite 200  
Minneapolis, Minnesota 55401**

**July 13, 2021**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Cloverfields Capital Group, LP (“Cloverfields”). If you have any questions about the contents of this Brochure, please contact us at (952) 208-8620. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

Cloverfields is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

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## MATERIAL CHANGES

Cloverfields filed its most recent Brochure on March 30, 2021. This other-than-annual amendment updates Cloverfields' Chief Compliance Officer.

## ADVISORY BUSINESS

Cloverfields, a Delaware limited partnership and a registered investment adviser, provides investment advisory services to separately managed account clients (each, an **"SMA,"** and collectively, the **"SMAs"**) and intends to provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere (each, a **"Fund,"** and collectively, the **"Funds"**). As used herein, the SMAs and the Funds will be collectively referred to as **"Clients."** Cloverfields commenced operations in January 2020.

The SMAs invest primarily in public equity securities but generally are permitted to also invest in other securities and financial instruments. The Funds are expected to be private equity funds that invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." Cloverfields' investment advisory services to its Clients consist of identifying and evaluating investment opportunities, negotiating the terms of investments (where applicable), managing and monitoring investments and achieving dispositions for such investments. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Cloverfields or its affiliates generally expect to serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds will invest.

Cloverfields' investment advisory services to the SMAs are detailed in the relevant investment management agreements (each, an **"IMA,"** and collectively, the **"IMAs"**) between Cloverfields and the owner of the relevant SMA, and Cloverfields' investment advisory services to the Funds will be detailed in the relevant private placement memoranda or other offering documents (each, a **"Memorandum"**), limited partnership or other operating agreements of the Funds (each, a **"Partnership Agreement,"** and, together with any relevant Memorandum, the **"Fund Governing Documents"**), and such investment advisory services are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds are expected to participate in the overall investment program for the applicable Fund, but in certain circumstances are expected to be able to be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Fund Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between Cloverfields and any Fund investor. The Funds or their applicable general partners (each, a **"General Partner,"** and collectively, the **"General Partners"**) expect to enter into side letters or other similar agreements (**"Side Letters"**) with certain Fund investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Fund Governing Documents with respect to such investors.

Each General Partner is expected to be subject to the Advisers Act pursuant to Cloverfields' registration in accordance with SEC guidance. This Brochure also describes the expected business practices of the General Partners, which will operate as a single advisory business together with Cloverfields.

As of December 31, 2020, Cloverfields managed \$296,407,440 in client assets on a discretionary basis. Cloverfields Capital Group, GP, LLC, a Delaware limited liability company, acts as the general partner of Cloverfields. Cloverfields is ultimately controlled by Stephen J. Hemsley (the “**Principal**”).

## **FEES AND COMPENSATION**

In connection with advisory services provided to SMAs, generally, Cloverfields receives a management fee of 0.50% *per annum* of the value of the net assets maintained in the relevant SMA as of the first business day of each calendar quarter. In the event that Cloverfields does not act as investment manager of a SMA for an entire quarter, the management fee is prorated to reflect the portion of such quarter in which Cloverfields acted as investment manager of the SMA. Management fees are debited to the SMA and paid to Cloverfields within fifteen (15) calendar days after the first business day of each calendar quarter (and within fifteen (15) days after the date of any additional contributions to an SMA). The management fee for SMAs generally is not negotiable. In certain circumstances, Cloverfields is also permitted to receive an incentive fee in connection with advisory services provided to certain SMAs.

In general, Cloverfields expects to receive a management fee and carried interest in connection with advisory services provided to the Funds.

Cloverfields is permitted to exempt certain investors in the SMAs and the Funds from payment of all or a portion of management fees, incentive fees and/or carried interest (as applicable), including Cloverfields personnel and any other person designated by Cloverfields, such as “friends and family” of Cloverfields or its personnel, or other investors meeting certain qualification requirements based on investment or commitment size, or other strategic or relationship factors.

Cloverfields or other Cloverfields entities or affiliates generally expect to receive additional compensation in connection with management and other services performed for portfolio companies of Funds and such additional compensation is expected to be credited against in whole or in part the management fees otherwise payable to Cloverfields in accordance with the Fund Governing Documents of the relevant Fund. In addition to the management fee and carried interest payable to Cloverfields, investors in a Fund will also bear certain expenses in accordance with the Fund Governing Documents of the relevant Fund.

## **Other Information**

The SMAs invest on both a short-term and long-term basis, in accordance with the investment strategy specified in the relevant IMA. The Funds generally are expected to invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the relevant IMA and Fund Governing Documents, over the term of the relevant Client advisory relationship. Fund investors generally will not be permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of Cloverfields generally are expected to receive salaries and other compensation derived from, and in certain cases including a portion of,

any management fees, incentive fees, carried interest or other compensation received by Cloverfields or its affiliates.

In addition to the management fee and/or incentive fee payable to Cloverfields from each SMA, each SMA will bear its own brokerage and other trading fees and expenses, and other expenses set forth in the relevant IMA, including (i) brokerage commissions, issue and transfer taxes, custodial fees, and bank service fees, (ii) interest on margin accounts, (iii) borrowing charges on securities sold short (if any), (iv) any other reasonable expenses (including legal fees) related to the purchase, sale or transmittal of assets of the SMA.

Similarly, in addition to the management fee and carried interest that will be payable to Cloverfields from each Fund, each Fund will bear certain expenses. As set forth more fully in the Fund Governing Documents, a Fund will bear all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce management fees, including costs and expenses attributable to structuring, organizing, acquiring, managing, operating, holding, valuing, winding up, liquidating, dissolving and disposing of such Fund's investments, legal, filing, accounting, auditing, investment banking, travel (including, where appropriate, the cost of using private aircraft or other private air travel, meal and entertainment expenses, and ground transportation (including car service)), consulting, research, brokerage, finder's fees, financing, real estate title, appraisal, printing, reporting, custody, depositary, transfer, registration, insurance, advisory board, limited partner meetings and related meal and entertainment expenses, interest, taxes, attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the General Partners at any trade conference, including any applicable registration fees and exhibition, sponsorship or other presentation fees, costs and expense, costs of conferences (including related travel, lodging and/or meals) relating to specific investment opportunities and/or the relevant industries or strategies in which the Funds invest, closing dinners, social and entertainment costs and/or after-hour meals and transportation, software development costs or other technology-related expenses relating to the foregoing or otherwise. and any extraordinary expenses and other similar fees and expenses, including such fees and expenses, break-up or topping fees or other liabilities or obligations, incurred for transactions not consummated ("**Broken Deal Expenses**"), including Broken Deal Expenses relating to transactions that have been offered to co-investors, but not Cloverfields expenses in connection with maintaining and operating its offices (such as compensation of its employees, rent, utilities and general office expenses). As a general matter, Broken Deal Expenses are expected to be allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds will also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Cloverfields and/or its affiliates. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or any supplemental fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. To the extent holding or

intermediate entities include one or more special purpose acquisition companies (“SPACs”), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders’ equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the relevant Fund Governing Documents, such interests are permitted to be issued to Cloverfields and its personnel. Excluded from Fund expenses will be ordinary administrative and overhead expenses of the General Partners incurred in connection with managing, originating and monitoring investments, including employees’ salaries, rent, utilities and other similar expenses specified in the relevant Fund Governing Documents. Each Fund generally is also expected to bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund’s strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the relevant Fund Governing Documents, a Fund is expected to typically bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As is typical for private equity funds, the Funds will likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

In certain circumstances, it is expected that one Client will pay an expense or obligation common to multiple Clients (including, without limitation, research expenses, legal expenses for a transaction in which multiple Clients participate, or other fees or expenses in connection with services the benefit of which are received by other Clients over time), and be reimbursed by the other Clients for their share of such expenses or obligations, without interest. To the extent the paying Client makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Clients for use of the facility. While Cloverfields believes such circumstances to be highly unlikely, it is possible that one of the other Clients could default on its obligation to reimburse the paying Client. In certain circumstances, Cloverfields, the relevant General Partner or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Clients to which such expenses relate.

#### **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” Cloverfields and the relevant Fund’s General Partner are each expected to receive an incentive fee and a carried interest allocation, respectively, on certain realized profits generated in the relevant SMA or Fund. Cloverfields also expects to manage Client accounts that are not charged performance-based compensation, or are charged performance-based compensation in lower percentages or with higher hurdle (or preferred return) amounts that must be met before Cloverfields is compensated. This practice could present a conflict of interest because Cloverfields has an incentive to favor Client accounts for which it receives the highest performance-based compensation. Additionally, to the extent that Cloverfields has Clients with varying performance-based compensation terms and/or Cloverfields personnel are assigned varying percentages of incentive fees from the SMAs or carried interest from the Funds, Cloverfields and such personnel are subject to potential conflicts of interest, to the extent

they are involved in identifying investment opportunities as appropriate for the SMAs or the Funds from which they are entitled to receive a higher incentive fee or carried interest percentage.

Cloverfields will seek to address the potential for conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to Clients in accordance with each Client's investment guidelines and IMA or Fund Governing Documents, as applicable, as well as other factors that do not include the amount of performance-based compensation received by Cloverfields or any personnel.

The existence of performance-based compensation has the potential to create an incentive for Cloverfields and/or the relevant General Partner (if applicable) to make more speculative investments on behalf of a Client than it would otherwise make in the absence of such arrangement, although Cloverfields generally considers performance-based compensation to better align its interests with those of its investors.

### **TYPES OF CLIENTS**

Cloverfields provides investment advice to the SMAs and expects to provide investment advice to the Funds, and references throughout this Brochure to "clients" and to Cloverfields' related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds are expected to include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in the SMAs generally include, and the investors participating in the Funds generally are expected to include, individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Cloverfields and its affiliates and members of their families or other service providers retained by Cloverfields, as well as (in the case of the Funds) executives of portfolio companies.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Fund Governing Documents of the related Fund.

The SMAs generally have a minimum investment amount of \$1,000,000 for third-party investors. The Funds generally are expected to have minimum investment amounts of \$5,000,000 for third-party investors, and Fund interests are expected to be offered and sold solely to accredited investors that are also qualified clients (or qualified knowledgeable Cloverfields personnel). Such minimum investment amounts generally are permitted to be waived by Cloverfields.

## METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

### General

Cloverfields is a private investment firm that advises SMAs focused primarily on public market strategies. Cloverfields also expects to advise Funds focused primarily on venture capital, growth equity, leveraged buyouts, equity, debt and other investments in market-leading companies believed to benefit from Cloverfields' in-house operating professionals and experience. Cloverfields' investment advisory services consist of identifying and evaluating investment opportunities, negotiating the terms of investments (where applicable), managing and monitoring investments and achieving dispositions for investments. Investments for SMAs are predominantly in public companies, while investments for the Funds are predominantly expected to be in non-public companies (although investments in public companies will be permitted).

Cloverfields' investment strategy for SMAs utilizes Cloverfields' network, insight, and analytics to create concentrated, yet style-diversified portfolios of high conviction investments in a single, liquid portfolio using publicly available information.

Cloverfields' investment strategy for the Funds is expected to focus on providing growth capital and otherwise acquiring controlling interests and minority positions in venture and early-stage portfolio companies that Cloverfields believes have the potential to become market leaders in their respective industries and markets. Where a controlling interest is established in a particular portfolio company, Cloverfields will seek to implement an effective operating strategy to improve the performance of the acquired portfolio company by (i) developing operating plans, (ii) building out the management team and (iii) providing significant resources to portfolio companies. Where a minority position is taken, Cloverfields will provide secondary capital and will work with controlling equity holders and portfolio company management to seek to drive revenue growth.

*There can be no assurance that Cloverfields will achieve the investment objectives of any Client and a loss of investment is possible.*

### Investment and Operating Strategy

#### *As Applicable to SMA Clients*

Cloverfields seeks to provide returns to SMA investors by employing a systematic approach to investment selection and using technology and freely available data to create best ideas portfolios from multiple sources. Cloverfields' network and knowledge of rigorous portfolio construction techniques has been developed over decades. Cloverfields will utilize a qualitative and quantitative framework for evaluating investment processes, holdings and returns.

#### *As Applicable to the Funds*

*Deal Sourcing and Due Diligence.* Cloverfields markets its investment criteria to its deal source network with frequent mailings, telephone calls, public relations, conference attendance and in-person meetings. Once a potential investment is identified, Cloverfields develops an investment thesis and, through a detailed due diligence process, seeks to verify such thesis and investigate the major business risks. As part of its diligence process, Cloverfields completes a

detailed analysis of an industry including contacting a target company's customers and vendors, trade organizations, Cloverfields' contact network and, in certain instances, industry consultants.

*Develop Operating Plan.* Senior members of the professional and operating staff of Cloverfields and its affiliates develop an operating plan prior to the close of each transaction focusing on the target's strengths, weaknesses, competitive position, industry trends and other relevant factors.

*Build Management Team.* Cloverfields may supplement or replace the management team at a new portfolio company or advise the existing management team on ways to improve performance. Cloverfields and its affiliates routinely search for highly qualified senior managers and often identify qualified candidates prior to making the next investment. In certain instances, operating professionals of Cloverfields or its affiliates will fill key management roles on an interim basis immediately following closing until a professional management team can be assembled.

*Maintain Active Involvement in Portfolio Companies.* Cloverfields aims to act decisively with respect to newly acquired portfolio companies and typically makes significant changes to the company after acquisition. Thereafter, Cloverfields will stay actively involved in the management of the portfolio companies by, among other things, requiring its portfolio companies to distribute weekly flash reports and scheduling frequent meeting with the senior staff to focus on operations, competition, new products and personnel.

*Internal Growth and Add-on Acquisitions.* Once the above Fund-related strategies have been implemented, Cloverfields will often seek to utilize the portfolio company's cash flow, equity value and borrowing capacity to accelerate growth through new product and market opportunities and add-on acquisitions.

*Exit Strategy.* Cloverfields will consider appropriate exit strategies for its portfolio companies, including the sale to a strategic or financial buyer, an initial or secondary public offering or a recapitalization. Factors considered include the company size, company growth rate, industry and competitive dynamics, banking market conditions and capital market conditions.

## **Risks of Investment**

Each Client (and its investors) bears the risk of loss that Cloverfields' investment strategies entail. The risks involved with Cloverfields' investment strategies and an investment in a Client include, but are not limited to:

### ***Generally***

*Lack of Sufficient Investment Opportunities.* It is possible that a Client will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing investments is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the capital contributions of SMA investors or capital commitments of the limited partners in the Funds are invested (or drawn down to be invested), investors and limited partners will be required to bear management fees based on the entire amount of the investors' capital contribution (in the case of a SMA) or limited partners'

capital commitments (in the case of a Fund) and other expenses as set forth in the relevant IMA or Fund Governing Documents, as applicable.

*Non-U.S. Investments.* Certain Clients will invest in companies that are organized and/or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risks due, among other things, to potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates and capital repatriation regulations (as such regulations may be given effect during the term of a Client) and the application of complex tax rules to cross border investments, possible imposition of non-U.S. taxes with respect to such Client's income, and possible non-U.S. tax return filing requirements for such Client and/or underlying investors.

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

*Projections.* Projected operating results of a company in which a Client invests normally will be based primarily on financial projections prepared by such company's management, potentially with adjustments to such projections made by Cloverfields in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material impact on the reliability of projections.

*Material, Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of Cloverfields and its affiliates, as well as in connection with officerships or directorships of Cloverfields personnel, Cloverfields frequently comes into possession of confidential or material, non-public information. Therefore, Cloverfields and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Client. Consequently, a Client may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or Cloverfields' internal policies and practices.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent Cloverfields or the Clients

from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions.

In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

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

*Valuation of Investments.* Generally, Cloverfields will determine the value of all the related Client's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Cloverfields will determine the value of all the relevant Fund's investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that Cloverfields will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of Cloverfields with respect to an investment will represent the value realized by the relevant Client on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by Cloverfields may cause it to ineffectively manage the relevant Client's investment portfolios and risks, and may also affect the diversification and management of such Client's portfolio of investments.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact

economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Clients.

Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus (“**COVID-19**”), which the World Health Organization formally declared in March 2020 to constitute a global “pandemic.” This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across most categories of consumers and businesses, dislocation (or in some cases a complete halt) in the credit and capital markets, labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of COVID-19 — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19’s impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions (including the effectiveness of vaccines and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained and economies are able to “re-open,” it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Clients. The extent of the impact on the Clients’ and their investments’ performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit Cloverfields’ ability to source, diligence and execute new investments and to manage, finance and exit investments in the

future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Clients intend to pursue, all of which could adversely affect the Clients' ability to fulfill their investment objectives. They may also impair the ability of investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Clients, their investments, the General Partners and Cloverfields may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*Cybersecurity Risks.* Recent events have illustrated the ongoing cybersecurity risks to which companies are subject, particularly companies in historically vulnerable industries. To the extent that a company is subject to cyber-attack or other unauthorized access is gained to a company's systems, such company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or company financial information; (iii) company software, contact lists or other databases; (iv) company proprietary information or trade secrets; or (v) other items. In certain events, a company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of such circumstances could subject a company, or the relevant Client, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Cloverfields or one of its service providers holding its financial or investor data, Cloverfields, its affiliates or the Clients may also be at risk of loss.

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

Cloverfields, the General Partners, the Funds, the SMAs and/or their investments, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

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

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

### ***As Applicable to SMA Clients***

*Public Company Holdings.* A SMA's investment portfolio generally contains equity securities issued by publicly held companies. Such investments may subject a SMA to risks that differ in type or degree from those involved with investments in privately held companies (as described below). Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of such SMA to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members and increased costs associated with each of the aforementioned risks.

*Use of Options May Increase Risk of Loss.* SMAs generally are permitted to buy or sell (write) both equity and index call options and put options, and, when a SMA writes options, it may do so on a "covered" or an "uncovered" basis. Options transactions may be part of a hedging tactic (*i.e.*, offsetting the risk involved in another securities position) or a form of leverage, in which a SMA would benefit (or experience losses) from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances.

*Highly Volatile Markets.* The prices of financial instruments in which the SMAs invest can be highly volatile. Price movements of forward, futures, and other derivative contracts are influenced by, among other things, interest rates, changing supply and demand relationships, wage, fiscal, monetary and exchange control programs and policies of governments and national and international political and economic events and policies. SMAs also are subject to the risk of the failure of any of the exchanges on which its positions trade or of its clearinghouse.

*Counterparty Risk.* Some of the markets in which the SMAs effect transactions are "over-the-counter" or "interdealer" markets. The participants in such markets are typically not subject to credit evaluation and regulatory oversight as are members of "exchange based" markets. This

exposes SMAs to the risk that a counterparty will not settle a transaction in accordance with its terms or because of a credit or liquidity problem, thus causing an SMA to suffer a loss. Moreover, institutions, such as brokerage firms or banks, are permitted to hold certain assets of the SMAs in “street name.” Bankruptcy or fraud at one of these institutions could impair the investing capabilities or the capital position of the relevant SMA.

*Investments in Cash Equivalents.* Cloverfields reserves the right to invest the assets of SMAs in cash equivalents to invest daily cash balances or for temporary defensive purposes. Cash equivalents are highly liquid, short-term securities such as commercial paper, time deposits, certificates of deposit, short-term notes and short-term U.S. government obligations. In addition, for temporary defensive purposes, SMAs may depart from their principal investment strategies and invest part or all of their total assets in fixed-income securities with remaining maturities of less than one year, cash or cash equivalents. During such periods, SMAs may not be able to achieve their investment objective.

### ***As Applicable to the Funds***

*Business Risks.* A Fund’s investment portfolio is expected to consist primarily of securities issued by non-public troubled companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk, which can result in substantial losses. Indeed, investments in troubled companies involve a higher degree of risk than other investments.

*Concentration of Investments.* Each Fund is expected to participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time) and, as a consequence, the aggregate return of a Fund may be materially affected by the performance of a single investment or a single industry segment.

*Dynamic Investment Strategy.* While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner will be permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Fund Governing Documents. A General Partner will be permitted to pursue investments outside of the industries and sectors in which Cloverfields has previously made investments or has internal operational experience.

*Growth-Equity Transactions and Venture Capital Investments.* The Funds intend to make growth-equity and venture capital investments. While growth-equity and venture capital investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity and venture capital portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position and/or to expand or develop management resources. Growth-equity and venture capital portfolio companies may face intense competition, including from companies with

greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

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

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any management fee payable to Cloverfields or the applicable General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded capital commitments.

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

A Fund also will be permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. A Fund will be permitted to incur leverage on a joint and several basis with one or more other Funds and entities managed by Cloverfields or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by such Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of such Fund.

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

In addition, Fund-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Fund Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

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

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

*Distressed Investments.* A Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and 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. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Cloverfields will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project

the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, Cloverfields may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that any Fund will make add-on investments or that any Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make add-on investments or its inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for such Fund to increase its participation in a successful operation.

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

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or is subject to terms and conditions imposed by portfolio company lenders, or makes a minority investment, the relevant portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the relevant Fund or its limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

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

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

*Hedging Arrangements; Related Regulations.* A General Partner is expected to be permitted (but not obligated) to endeavor to manage the relevant Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund will incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

## **Conflicts of Interest**

Cloverfields and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of the Clients, and providing transaction-related, legal, management and other services to the Clients, SPACs and the Funds' portfolio companies. Additionally, the Principal is currently the Chairman of the Board of Directors of UnitedHealth Group. The Principal has a vested interest in the overall success of UnitedHealth Group.

Cloverfields will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Clients in an appropriate manner, as required by the relevant IMA or Fund Governing Documents, although the Clients and their respective investments will place varying levels of demand on these over time. In the ordinary course of Cloverfields conducting its activities, the interests of a Client likely will conflict with the interests of Cloverfields, one or more other Clients, investments and/or portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, Cloverfields will determine all matters relating to structuring transactions and

Client operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion.

### ***Cloverfields Investors***

In addition to third party investors, Cloverfields and its affiliates will provide investment advisory services to, or will serve as general partners or managers of investment vehicles for the benefit of, the Principal and the family of the Principal (“**Cloverfields Investors**”). Certain Cloverfields Investors have been and will in the future be offered the opportunity to invest alongside third party investor SMAs and/or the Funds in investments. Cloverfields believes that the investment by the Cloverfields Investors in investments made by third party SMAs and/or the Funds generally will operate to align the interests of Cloverfields, third party SMA and Fund investors and the Cloverfields Investors. However, in light of the relationships among Cloverfields, the respective direct and indirect owners and employees of Cloverfields and their respective affiliates (collectively, the “**Cloverfields Group**”) and the Cloverfields Investors, as well as the significant amounts expected to be invested by the Cloverfields Investors, certain conflicts among the interests of the Cloverfields Group, third party SMA and Fund investors and the Cloverfields Investors are likely to arise from time to time. In particular, the Cloverfields Group generally has pre-existing relationships with the Cloverfields Investors and their affiliates (including, in many cases, familial relationships) and is expected to have ongoing relationships with the Cloverfields Investors and the entities that manage and/or administer the Cloverfields Investors.

From time to time, Cloverfields will be presented with investment opportunities that would be suitable not only for one Client, but also for other Clients and other investment vehicles operated by advisory affiliates of Cloverfields. In determining which investment vehicles should participate in such investment opportunities, Cloverfields and its affiliates are subject to conflicts of interest among the investors in such Clients. Except as required by the relevant IMAs or Fund Governing Documents, Cloverfields is not obligated to recommend any investment to any particular Client. Investments by more than one Client of Cloverfields in an investment also have the potential to raise the risk of using assets of one Client to support positions taken by other Clients of Cloverfields.

Cloverfields must first determine which Client(s) will, or are required to, participate in the relevant investment opportunity. Cloverfields generally assesses whether an investment opportunity is appropriate for a particular Client based on the Client’s IMA or Fund Governing Documents, as well as factors including, but not limited to: investment restrictions and objectives (including those set forth in the Fund Governing Documents, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, diversification limitations, cash level (if any), applicable tax and regulatory considerations, life cycle, structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Client generally reserves the right to invest together with other Clients advised by an affiliated adviser of Cloverfields in the manner set forth in the relevant IMA or Fund Governing Documents and Cloverfields’ Investment Allocation Policy. Cloverfields will determine the allocation of investment opportunities among Clients in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with Cloverfields’ obligations and reserves the right to take into consideration factors such as those set forth above.

Cloverfields' allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While Cloverfields will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which Cloverfields expects to be subject, discussed herein, did not exist.

Subject to any relevant restrictions or other limitations contained in the IMAs or Fund Governing Documents of the Clients, Cloverfields will allocate fees and expenses in a manner that it believes is fair and equitable to its Clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, Cloverfields expects to be faced with a variety of potential conflicts of interest.

Cloverfields, its affiliates, and equity holders, officers, principals and employees of Cloverfields and its affiliates reserve the right to buy or sell securities or other instruments that Cloverfields has recommended to a Client. In addition, officers, principals and employees reserve the right to buy securities in transactions deemed unsuitable for a Client. Any such transactions are subject to any restrictions in the IMAs or the Fund Governing Documents, as applicable, and any related policies and procedures set forth in Cloverfields' Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Cloverfields have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

## ***Funds***

During the investment period of a Fund, all appropriate investment opportunities will be pursued by Cloverfields principals through such Fund, subject to certain limited exceptions set forth in the Fund Governing Documents and Cloverfields' allocation policies. Without limitation, Cloverfields principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and expect to direct certain relevant investment opportunities or resources to those investments. Cloverfields personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Cloverfields' principals and Cloverfields' investment staff will continue to manage and monitor such investments until their realization. Such other investments that Cloverfields principals expect from time to time to control or manage generally have the potential to compete with companies acquired by a Fund. Following the investment period of a Fund, Cloverfields principals reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. Unless restricted by the IMAs or Fund Governing Documents, Cloverfields personnel are permitted to serve on boards or act in other roles unaffiliated with Cloverfields, the Clients or their investments, including boards of charitable and

educational institutions, public companies and former Client investments, and receive compensation in connection with such services and roles.

Following the determination of allocations of investments among Funds (as described above), Cloverfields will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and Cloverfields reserves the right to offer any such excess to one or more potential co-investors, including third parties, as determined by the Fund Governing Documents, Side Letters and Cloverfields' procedures regarding allocation. Cloverfields' procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (*e.g.*, qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Cloverfields' perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Cloverfields' ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; and whether Cloverfields believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or Cloverfields. Although Cloverfields reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness generally will not be the sole determining factor considered by Cloverfields in identifying co-investors. Cloverfields reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, Cloverfields or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Cloverfields investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of Cloverfields and its affiliates make capital investments in or alongside certain Funds, Cloverfields and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Cloverfields and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions generally will be made by Cloverfields or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has greater benefit to a Fund or Cloverfields. The Funds generally are expected to have different expense reimbursement terms, including with respect to management fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, Cloverfields and/or its affiliates typically have the right to appoint portfolio company board members (including current or former Cloverfields personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Cloverfields and/or its affiliates. Except to the extent such amounts are subject to the Fund Governing Documents' offset provisions, they will be in addition to any management fees or carried interest paid by a Fund to Cloverfields.

Additionally, a portfolio company typically will reimburse Cloverfields or service providers retained at Cloverfields' discretion for expenses (including, without limitation, travel expenses) incurred by Cloverfields or such service providers in connection with its performance of services for such portfolio company. This subjects Cloverfields and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Cloverfields determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each

Fund's audited financial statements, and any fee paid or expense reimbursed to Cloverfields or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, Cloverfields, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Cloverfields' operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Cloverfields and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Cloverfields Information**"). In many cases, Cloverfields Information will include tools, procedures and resources developed by Cloverfields to organize or systematize Cloverfields Information for ongoing or future use. Although Cloverfields expects its Clients and their investments generally to benefit from Cloverfields' possession of Cloverfields Information, it is possible that any benefits will be experienced solely by other or future Clients or investments and not by the Client or investment from which Cloverfields Information was originally received or derived. Cloverfields Information will be the sole intellectual property of Cloverfields and solely for the use of Cloverfields. Cloverfields reserves the right to use, share, license, sell or monetize Cloverfields Information, without offset to management fees, and the relevant Client or investment will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Clients or investments are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset management fees.

Cloverfields generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) Cloverfields or a related person of Cloverfields (which may include a portfolio company of such Fund); (ii) an entity with which Cloverfields or its affiliates or current or former members of their personnel has a relationship or from which Cloverfields or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Cloverfields personnel are seconded, or from which Cloverfields receives secondees; or (iii) certain limited partners or their affiliates. For example, Cloverfields expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects Cloverfields to conflicts of interest, because, although Cloverfields selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, Cloverfields has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that Cloverfields, because of such belief

or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or Cloverfields), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Cloverfields will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although Cloverfields generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. In certain circumstances where Cloverfields commits or has committed to seek “market” or “arms-length” rates or terms, Cloverfields will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, Cloverfields undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets or services to which such rates or terms relate. Where such rates or terms include hourly components, Cloverfields reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not Cloverfields has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically will pay certain fees to consultants (including consultants introduced or arranged by Cloverfields and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the management fee as described herein.

Although Cloverfields generally expects to structure Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, which has the potential to result in a single Fund being solely liable for other Funds’ share of the relevant obligation and/or joint and several liability among Funds. In such case, Cloverfields intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

Cloverfields and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Cloverfields and/or its affiliates; conversely, current or former personnel or executives of Cloverfields and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by Cloverfields. Similarly, Cloverfields, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these

persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Cloverfields and/or its affiliates, and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Cloverfields entities) to Cloverfields personnel and their estate planning vehicles. Cloverfields expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Cloverfields information about markets and industries in which Cloverfields operates (or is contemplating operations) or will provide other services that are beneficial to Cloverfields or one or more other Funds. Cloverfields expects to be subject to a potential conflict of interest in making such recommendations, in that Cloverfields has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

Except to the extent prohibited by the Fund Governing Documents, Cloverfields and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Fund Governing Documents and anti-"assignment" provisions of the Advisers Act, Cloverfields and its personnel are also permitted to offer, restructure and monetize interests in Cloverfields.

Because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because management fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Cloverfields may not otherwise have done so.

Cloverfields and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Fund Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. As a consequence of one or more limited partners being excused or excluded from, or regulatory or other factors limiting their participation in, investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

Any of these situations subjects Cloverfields and/or its affiliates to potential conflicts of interest. Cloverfields attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Cloverfields' advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a manner it believes to be fair and equitable to the Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, Cloverfields will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Cloverfields consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

### **DISCIPLINARY INFORMATION**

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

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

Neither Cloverfields nor any of its management persons are registered or have an application pending to register as a broker-dealer or a registered representative of a broker-dealer, a futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing.

Cloverfields does not have any arrangement with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser or financial planner, futures commission merchant, commodity pool operator, commodity trading adviser, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that is material to its advisory business, Clients or investors. Certain Cloverfields management persons, however, are involved in other business activities that are more fully described, including certain conflicts of interest raised by such activities, in Cloverfields' Brochure Supplement.

Cloverfields has and will continue to develop relationships with service providers, including legal, accounting, banking, investment banking, tax preparation, insurance brokerage and other personal services. Some of these professionals provide services to Clients, their portfolio companies or other investments. Additionally, some of these professionals are expected to have SMAs and/or be limited partners in the Funds, either personally or through a personal investment entity.

As mentioned above, Cloverfields expects to be affiliated with certain other advisory entities, including the General Partners and equivalent entities formed from time to time, who are considered registered under the Advisers Act pursuant to Cloverfields' registration in accordance with SEC guidance. These affiliated advisory entities are expected to operate as a single advisory business together with Cloverfields and serve as general partners of the Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

## CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

Cloverfields has adopted a Code of Ethics and Securities Trading Policy and Procedures (the “**Code**”), which sets forth standards of conduct that are expected of Cloverfields’ principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Cloverfields’ personnel to report their personal securities transactions, prohibits or requires pre-clearance for Cloverfields’ personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Cloverfields’ personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Cloverfields’ Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material, non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Michael DesLauriers, Cloverfields’ Chief Compliance Officer, at (952) 208-8620. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client’s interests in Client eligible investments.

Cloverfields and its affiliated persons may come into possession, from time to time, of material, non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, Cloverfields and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a Client of Cloverfields.

Accordingly, should Cloverfields or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any public or non-public company, Cloverfields generally would be prohibited from communicating such information to Clients, and Cloverfields will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Cloverfields’ personnel serving as directors of public companies and may restrict trading on behalf of Clients, including a Fund.

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

Cloverfields and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a SMA or a Fund, as well

as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any SMA or Fund, even though their investment objectives may be the same or similar. The Fund Governing Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject to limitations (*e.g.*, by time or percentage of capital deployed).

From time to time, each General Partner reserves the right to advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the Fund Governing Documents.

In borrowing on behalf of a Fund, Cloverfields is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. The relevant General Partner generally will not participate in a Fund-level borrowing facility, and generally will not bear the related costs attributable thereto, including interest expenses or costs payable, in which case such amounts will be borne solely by the limited partners. In addition, when the management fee is expected to be calculated as a percentage of invested capital, a limited partner may pay management fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Cloverfields will effect such borrowings consistent with Fund Governing Documents and in a manner it believes to be fair and equitable under the circumstances to the relevant Fund.

### **BROKERAGE PRACTICES**

Cloverfields engages in public securities transactions with respect to the investment advisory services provided to SMAs. Orders for the purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. Trading orders for the SMAs are expected to be completed independently, although Cloverfields reserves the right to purchase or sell the same securities or instruments for several SMAs simultaneously. From time

to time, Cloverfields reserves the right, but is not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders are permitted to be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Client of Cloverfields is favored over any other Client. When an aggregated order is filled in its entirety, each participating Client generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs. When an aggregated order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Client participating in such buy or sell order in accordance with the amount of securities originally requested for such Clients. Each Client generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Clients over time.

With respect to the purchase or sale of publicly traded securities for a Client, Cloverfields is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by Cloverfields. In such event, Cloverfields will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, Cloverfields reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

Cloverfields focuses on securities transactions of private companies with respect to the investment advisory services provided to the Funds and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, Cloverfields reserves the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although Cloverfields does not intend to regularly engage in public securities transactions on behalf of the Funds, to the extent it does so, it intends to follow the brokerage practices otherwise described in this section.

Cloverfields has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although Cloverfields generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with Cloverfields seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although Cloverfields generally does not make use of such services at the current time and has not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income

data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of Cloverfields' Clients. However, each and every research service may not be used for the benefit of each and every Client managed by Cloverfields, and brokerage commissions paid by one Client may apply towards payment for research services that might not be used in the service of such Client. Research services may be shared between Cloverfields and its affiliates.

Cloverfields will employ no agreement or formula for the allocation of brokerage business on the basis of research services; however, Cloverfields in its discretion reserves the right to cause the Clients to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This generally arises where Cloverfields has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, Cloverfields would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

Cloverfields will periodically determine which brokers have provided research that has been helpful in the management of Clients. To the extent consistent with Cloverfields' goal to obtain best execution for its Clients, Cloverfields reserves the right to seek to place a portion of the trades that it directs with the brokers who are identified through this process.

To the extent that Cloverfields allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Clients' interest in receiving most favorable execution. To the extent Cloverfields uses "soft dollars" on behalf of Clients, it intends to seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

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

## **REVIEW OF ACCOUNTS**

Cloverfields monitors companies in which its Clients invest, and Cloverfields' Chief Compliance Officer periodically checks to confirm that each Client is maintained in accordance with its stated objectives. The investments made by the SMAs are generally expected to be public, liquid and may be short-term or long-term in nature. The investments made by the Funds are generally expected to be private, illiquid and long-term in nature. Accordingly, the review process relating to the Funds is not directed toward a short-term decision to dispose of securities.

Cloverfields will provide each SMA Client with such reporting specified in the relevant IMA. Cloverfields expects that each Fund generally will provide to its limited partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return and (iii) annual reports providing a narrative summary of the status of each portfolio company investment.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Cloverfields and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services.

Cloverfields reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents generally will be borne by Cloverfields indirectly through an offset against any management fee under the Fund Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

#### **CUSTODY**

Cloverfields maintains custody of Client assets with the following qualified custodians:

- National Financial Services LLC, 245 Summer Street, Boston, MA 02210.

#### **INVESTMENT DISCRETION**

Cloverfields has discretionary authority to manage investments on behalf of each Client. As a general policy, Cloverfields does not allow Clients to place limitations on this authority. Cloverfields assumes this authority pursuant to the terms of the relevant IMA and Fund Governing Documents (including powers of attorney executed by the limited partners of such Fund).

With respect to the Funds, and pursuant to the terms of the relevant Fund Governing Documents, however, Cloverfields and/or its affiliates expect to enter into Side Letters with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons.

#### **VOTING CLIENT SECURITIES**

Cloverfields has adopted proxy voting policies and procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for each Client's investments. The Proxy Policy seeks to ensure that where Cloverfields votes proxies on behalf of a Client, Cloverfields votes proxies (or similar instruments) in the best interest of its Clients, including where there may be material conflicts of interest in voting proxies. Cloverfields generally believes its interests are aligned with those of investors in its Clients and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting

proxies, the Proxy Policy provides that Cloverfields may address the conflict using several alternatives set forth in the Proxy Policy. Additionally, with respect to the Funds, it is expected that a Fund's advisory board will be authorized to approve Cloverfields' vote in a particular solicitation. Cloverfields does not consider service on portfolio company boards by Cloverfields personnel or Cloverfields' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain proxy voting guidelines followed by Cloverfields when it votes proxies on behalf of a Client. Clients or investors that would like a copy of Cloverfields' complete Proxy Policy or information regarding how Cloverfields voted proxies for particular portfolio companies may contact Michael DesLauriers, Cloverfields' Chief Compliance Officer, at (952) 208-8620, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

Cloverfields does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.