

# Tailwind Management LP

## Part 2A of Form ADV

### The Brochure

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March 29, 2021

This brochure provides information about the qualifications and business practices of Tailwind Management LP (“**Tailwind**”). For more information on the disclosure requirements required for Part 2A see the “General Instructions for Part 2 of Form ADV” by visiting [www.sec.gov/rules/final/2010/ia-3060.pdf](http://www.sec.gov/rules/final/2010/ia-3060.pdf). If you have any questions about the contents of this brochure, please contact Tailwind at (212) 271-3800.

Tailwind is registered as an investment adviser with the United States Securities and Exchange Commission (the “**SEC**”) under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this brochure has not been approved or verified by the SEC or by any state securities authority.

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

## Item 2 Material Changes

Since our last filing on March 30, 2020, there have been no material changes at Tailwind. This brochure contains routine annual updates to the prior brochure, as well as certain other updates to disclosures regarding personnel, fees and expenses, co-investors, risk factors and conflicts of interest.

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## Item 4 Advisory Business

Tailwind is a private equity firm formed under the laws of the State of Delaware as a limited partnership. Headquartered in New York, the firm is led by its eleven partners with Lawrence Sorrel and Jeffrey Calhoun serving as managing partners. The partners collectively average nearly two decades of private equity experience. Tailwind was established in 2005 by several of its partners who had previously worked together for many years.

Tailwind serves as an investment manager and provides investment advisory services to private investment partnerships. Currently, this includes Tailwind Capital Partners, L.P. and its parallel funds (the “**Tailwind I Funds**”), Tailwind Capital Partners II, L.P. and its parallel funds (the “**Tailwind II Funds**”) and Tailwind Capital Partners III, L.P., its parallel and feeder funds and its alternative investment vehicle (the “**Tailwind III Funds**”) and, together with the Tailwind I Funds, the Tailwind II Funds and certain Co-Investment Funds referred to below, each a “**Fund**” and collectively the “**Funds**”). The Tailwind I Funds, the Tailwind II Funds and the Tailwind III Funds primarily make control investments in growth-oriented, North American companies in the middle market. Tailwind’s investment strategy focuses on three sectors: Healthcare, Technology & Business Services, and Industrial Services. Within these sectors, the Funds generally target companies that have an asset- light, human capital-based services model with the potential to be transformed through organic growth initiatives and add-on acquisitions. Tailwind seeks to transform these businesses into larger companies with sufficient scale to be desirable acquisition targets for both corporate and financial buyers. For further information about Tailwind’s investment strategy, including a description of how Tailwind seeks to transform the Funds’ portfolio companies, see “Methods of Analysis, Investment Strategies and Risk of Loss” below.

Tailwind has also established certain co-investment vehicles (each, a “**Co-Investment Fund**” and collectively, the “**Co-Investment Funds**”), which are, to the extent available and at the discretion of Tailwind, offered co-investment opportunities alongside the Funds. Tailwind has also established other co-investment vehicles, each of which was formed in connection with a specific co-investment opportunity. The existence of such multiple vehicles and accounts creates potential conflicts of interest. See “Methods of Analysis, Investment Strategies and Risk of Loss” below.

Tailwind Capital Partners (GP) LP serves as the general partner of the Tailwind I Funds, Tailwind Capital Partners II (GP) LP serves as the general partner of the Tailwind II Funds, and Tailwind Capital Partners III (GP) LP serves as the general partner of the Tailwind III Funds. Tailwind Capital Partners (GP) LP, Tailwind Capital Partners II (GP) LP, and Tailwind Capital Partners III (GP) LP (collectively, the “**Related Advisors**”) are affiliated advisers of Tailwind and each entity relies upon Tailwind’s registration with the SEC. This brochure also describes the business practices of the Related Advisors, which operate as a single advisory business together with Tailwind, and, as such, references herein to Tailwind shall, as the context requires, include the applicable Related Advisors. For further information regarding these entities, see “Other Financial Industry Activities and Affiliations” below.

As of December 31, 2020, Tailwind and its Related Advisors managed approximately \$3.4 billion on a discretionary basis on behalf of the Funds.

In providing services to the Funds, Tailwind executes the investment objective for each Fund, directs and manages the investment of each Fund's assets and provides periodic reports to investors in each Fund. Investment advice is provided directly to each Fund and not individually to the Fund's investors. Tailwind manages the assets of each Fund in accordance with the terms of the governing documents applicable to each Fund, which are generally established at the time of the formation of a Fund. The investors cannot direct investments by the Funds and, except in limited circumstances, investors are not permitted to withdraw from a Fund prior to completion of the Fund's winding up.

Limited partner interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), and the Funds are not registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"). Accordingly, interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements either in private transactions within the United States or in offshore jurisdictions.

## **Item 5 Fees and Compensation**

### Management Fees

Tailwind receives an investment management fee from the Funds payable quarterly in advance. Such fees are pro-rated for any period that is less than a full quarter period. The Funds are charged an annual management fee at the rates and for the periods set forth in the confidential private placement memorandum and other governing documents of the Funds, which provide for a standard fee of 2.0% of capital commitments during the Funds' commitment period, and 1.50% of invested capital thereafter until the end of the term of such Fund or the final liquidating distribution of such Fund, as applicable, provided that certain investors are entitled to invest on a reduced or otherwise more favorable management fee (See "Arrangements with Certain Investors" below). The Tailwind I Funds ceased paying management fees in December 2019.

The management fee payable by a Fund is subject to reduction by the amount borne by the Fund in respect of the excess organizational expenses and placement fees and expenses described under "Expenses" below.

The management fee payable by a Fund is reduced by capital contributions made to the Fund by its investors in satisfaction of capital contributions that would otherwise have been funded by the Fund's general partner.

The management fee, if any, payable by a Fund will also be reduced by Other Fees (as defined below) received by Tailwind and/or its affiliates as set forth in "Other Fees" below. Depending upon the timing of receipt and the amount of such Other Fees required to be offset against future management fees, Fund investors who elect not to receive any fee income that may remain after all management fees have been reduced will not receive the full benefit of the fee income offset. In addition, under such circumstances, Tailwind will be entitled to retain the unapplied fee income attributable to the Fund investors who made such election.

### Carried Interest Allocations

Carried interest is a share of the net profits derived from investments that is allocated to a Fund's

general partner as an incentive for Tailwind to maximize the performance of the Fund. The Funds are typically subject to a carried interest of 20% of net profits from investments, subject to an annualized effective internal rate of return of 8% (provided that certain investors are entitled to reduced or otherwise more favorable carried interest), as described in greater detail in the confidential private placement memorandum and other governing documents of the Funds.

#### Arrangements with Certain Investors

Tailwind, in its sole discretion, permits investors who are employees or otherwise related to Tailwind personnel to invest in a Fund without being subject to the management fee or the carried interest. In addition, certain investors are entitled to invest on a reduced or otherwise more favorable management fee and/or carried interest basis pursuant to certain Side Letters (as defined in “Types of Clients” below) entered into by the applicable Related Advisor with such investors.

The Co-Investment Funds are not typically charged any management fees or carried interest, although certain Co-Investment Funds could be subject to management, administrative or other similar fees and/or carried interest in the future.

#### Other Fees

Tailwind and/or its affiliates receive Other Fees (as defined below). A percentage of Other Fees received by Tailwind and/or its affiliates, net of certain expenses, in each case as set forth in the confidential private placement memorandum and other governing documents of the relevant Fund, will be applied to reduce the future management fees payable by the Fund. The term “**Other Fees**” means (i) any fees or amounts paid to Tailwind or any of its affiliates or a Fund by any party in connection with the acquisition, termination, cancellation or abandonment of any Fund investment or potential Fund investment that is ultimately not consummated, including any transaction, closing, advisory, financing, “break-up” or “topping” fees (excluding any amounts paid to any person specifically as reimbursement of expenses or under indemnification, contribution or other similar provisions or agreements in connection with such Fund investment or potential Fund investment, and deducting any amounts paid by the recipient of such fees or amounts (x) to any third party for amounts owed to such third party in connection with such Fund investment or potential Fund investment or (y) to Tailwind or its affiliates to reimburse such person for expenses or similar amounts incurred by such person in connection with such Fund investment or potential Fund investment) or (ii) any fees paid by a portfolio company or any affiliate of a portfolio company in connection with any Fund investment, proposed Fund investment that is ultimately not consummated, or add-on acquisition, sale or other transaction entered into by such portfolio company, including any monitoring fees, advisory fees, transaction fees, director’s fees or consultant fees; provided that, in each case, Other Fees will not include (A) amounts paid as reimbursement for out-of-pocket expenses incurred in connection with providing services in respect of which such Other Fees were paid, or any amounts paid to consultants (including Operating Executives (as defined below) and senior advisors) and other third parties for consulting and advisory fees in connection with any Fund investment or potential Fund investment that is ultimately not consummated; and

(B) any fee (including any management, administrative or other similar fee) paid to Tailwind or any of its affiliates by third parties or a Fund’s investors in respect of a co-investment vehicle or an aggregator or other similar vehicle established to co-invest alongside the Fund in connection with any Fund investment.

Operating executives retained as consultants to Tailwind (the “**Operating Executives**”) and senior

advisors to Tailwind receive Other Fees directly from portfolio companies, or share in Other Fees payable to Tailwind and/or its affiliates, but such amounts are not applied to reduce the management fees payable by the Funds or otherwise shared with the Funds or their investors. Similarly, from time to time, Tailwind agrees to pay a portion of fees that would otherwise constitute Other Fees, such as a transaction fee, to another third party, such as a consultant, adviser, finder, broker, investment bank and/or co-investor involved in respect of a specific transaction. In such event, the portion of such fees paid to such third parties is not applied to reduce the management fees payable by the Funds or otherwise shared with the Funds or their investors.

With respect to the implementation of certain arrangements described above, such as an advisory, transaction or monitoring agreement with a portfolio company, there is no independent third party involved in negotiating such arrangements on behalf of the portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other terms, such as the reimbursement of expenses incurred by Tailwind and its affiliates, in such arrangements involving a portfolio company.

As noted above, Tailwind and its affiliates also engage and retain Operating Executives, senior advisors, advisers, consultants, operating partners and other similar third-party professionals, none of whom are employees or affiliates of Tailwind and who receive payments from, and/or equity (or equity-like) grants, issuances or allocations with respect to, portfolio companies, the Funds, Fund investment vehicles, such as aggregator vehicles, and/or other entities. In such circumstances, the amounts of such fees or other compensation received by such persons will be retained by such persons and will not be deemed paid to or received by Tailwind and its affiliates, and such amounts will not be applied to reduce the management fees payable by the Funds or otherwise shared with the Funds or their investors.

The fee structures described herein can be modified from time to time. Detailed information regarding Other Fees and the amount of, and manner in which, Other Fees are applied to reduce management fees payable by a Fund is provided in such Fund's confidential private placement memorandum and other governing documents.

#### Expenses

In addition to the fees and carried interest described above, Fund investors will bear the expenses charged to the Funds. Those expenses will vary by Fund, but typically will include, without limitation:

- all out-of-pocket expenses incurred in connection with the sourcing, evaluation, making, holding, monitoring, maintaining, refinancing, pledging, sale or potential refinancing, pledging or sale of any Fund investment and all transactions and other costs and expenses related thereto, including (A) expenses associated with the sourcing, investigating, researching, negotiating and structuring of investments, including deal initiation expenses; investment banking, valuation, appraisal and custodial fees and expenses; fees and expenses of trustees, attorneys, administrators, advisors, consultants (including Operating Executives and senior advisors) and other professionals; and travel expenses (including expenses for first class or business class travel or, under limited circumstances, chartered travel for investment professionals and Operating Executives and senior advisors (including any breakage costs incurred in circumstances where travel is not completed but is not refundable or where travel plans are changed) and expenses for reasonable lodging, meals and related items); (B) any similar

expenses associated with proposed investments that are ultimately not made by the Fund (it being understood that such similar expenses include expenses that would have been allocable to investors co-investing alongside the Fund or investors investing with the Fund in aggregator vehicles formed for the purpose of making such proposed investments had such proposed investments been consummated); and (C) fees and expenses of attending industry conferences or obtaining third-party research, data, analytics, modeling, structuring, pricing and execution services that are related to the Fund's investment activities;

- routine expenses of the Fund that are not reimbursed by portfolio companies, including (A) legal, accounting, auditing, administrative, consulting (including Operating Executive and senior advisors) fees and expenses; (B) financing fees; (C) the management fee payable by the Fund; (D) expenses associated with the preparation and distribution of the Fund's financial statements, tax returns, Schedules K-1 and any other tax compliance and reports to Fund investors; (E) fees and expenses related to registration, qualification, exemption under, and/or legal and regulatory compliance with, any applicable U.S. federal, state, local, non-U.S. or other law or regulation relating to the Fund's activities, including, without limitation, expenses relating to the preparation and submission of filings with the U.S. Securities and Exchange Commission (such as Form PF), U.S. Commodity Futures Trading Commission, the National Futures Association, the U.S. Treasury, the U.S. Internal Revenue Service and other national, state, provincial or local regulatory authorities in any country or territory, expenses related to compliance with the Alternative Investment Fund Managers Directive, expenses related to compliance with the Foreign Account Tax Compliance Act, and expenses related to any associated or similar legislation, regulations or guidance; (F) fees and expenses related to the implementation and monitoring of anti-money laundering and cybersecurity policies and procedures; (G) fees and expenses related to legal inquiries and examinations, including regulatory "sweeps" solely with respect to the Fund; (H) fees and expenses of third-party information systems, software and technology; (I) fees and expenses of data feeds, subscriptions, reports and similar items that are not included in the paragraph above; and (J) other administrative or operational expenses of the Fund not otherwise specifically covered herein;
- all litigation-related and indemnification expenses, the amounts of any judgments or settlements paid in connection therewith;
- all costs of organizing the Fund, up to a specified cap as detailed in the Fund's governing documents, and all costs incurred in connection with the liquidation or winding-up of the Fund;
- all costs of organizing any acquisition vehicles, alternative investment vehicles and any blocker entities through which the Fund, directly or indirectly, makes or holds investments;
- taxes and other governmental charges levied against the Fund or payable by or with respect to the Fund or its investments;
- expenses incurred in connection with distributions to, and communications with, the Fund investors, and with holding meetings with Fund investors, including the annual meeting; expenses relating to defaults of Fund investors in the making of capital contributions;
- expenses incurred in connection with obtaining consents or waivers or effecting amendments to the Fund's governing documents;

- reasonable out-of-pocket costs and expenses of the Fund investor advisory committee;
- premiums and fees for insurance to benefit, directly or indirectly, the general partner of the Fund, Tailwind or any of their respective affiliates or their respective shareholders, partners, members, officers, directors, employees, and agents, with respect to liabilities to any person in connection with the affairs of such entities and for directors' and officers' liability insurance, errors and omissions insurance, cyber insurance or other insurance policies or fidelity bonds, in each case to the extent such insurance or fidelity bonds relate to activities on behalf of the Fund or a Fund investment;
- interest expenses and other costs of any borrowing or financing and the costs of any hedging transactions; and
- all placement fees and expenses payable by the Fund to any person serving as a placement agent of the Fund in connection with the offering of limited partner interests in the Fund.

With respect to the limited partnerships that comprise the Tailwind I Funds, the Tailwind II Funds and the Tailwind III Funds, all expenses will generally be allocated among each limited partnership in such fund complex pro rata in accordance with the aggregate capital commitments of such limited partnerships; provided that any expenses attributable to a particular investment held by the Tailwind I Funds, the Tailwind II Funds or the Tailwind III Funds will be allocated among each limited partnership in such fund complex pro rata in accordance with the aggregate invested capital of such limited partnership in such investment. As set forth in each Fund's governing documents, each general partner of a Fund also has the right in its discretion to allocate, and at times has allocated, an expense in a different manner.

As noted above, the Tailwind I Funds, the Tailwind II Funds and the Tailwind III Funds allocate the purchase of portfolio company interests to each limited partnership in such fund complex on a pro rata basis and on equivalent economic terms. Investments in portfolio companies are made directly or through a holding company or other special purpose aggregator entity organized to hold the underlying portfolio company securities, and the initial and ongoing expenses associated with these entities are reflected in the fair value of such underlying portfolio company securities.

All costs of organizing a Fund in excess of a specified amount and all placement fees and expenses borne by a Fund reduce management fees payable by the Fund on a dollar-for-dollar basis.

If a proposed transaction is not completed, it is possible that the full amount of expenses related to such proposed, but not completed, transaction (including "reverse" termination and break fees) ("broken deal expenses") will be borne by the Funds that expected to participate in such transaction even though there are other co-investors that would also have participated had such transaction reached completion. This is because co-investors typically will not agree to bear any broken deal expenses with respect to a potential investment until such co-investors are contractually committed to invest in such investment. Furthermore, in circumstances where Tailwind offers a co-investment opportunity after a transaction has been completed, a co-investor is making its investment at a time when the risk of a "broken deal" no longer exists.

Investors should review each Fund's confidential private placement memorandum and other governing documents to understand in greater detail the types of expenses that can be charged to the Funds and, indirectly, their investors. For more information regarding expenses related to



Tailwind's Operating Executives and senior advisors, please see the description of Operating Executive and senior advisor activities, and related expenses, under the heading of "Methods of Analysis, Investment Strategies and Risk of Loss" below.

## **Item 6 Performance Based Fees and Side-by-Side Management**

As described above, the general partners of the Funds, which are affiliates of Tailwind, generally receive a carried interest of 20% of net profits from certain Funds, subject to a preferred return, which calculation is based on the profits derived from investments, provided that certain investors are entitled to reduced or otherwise more favorable carried interest. The carried interest may create an incentive for the general partner of a Fund to make more speculative investments and to make different decisions regarding the timing and manner of the realization of such investments than would be the case if such carried interest were not allocated to the general partner.

Non-corporate U.S. persons (including the owners of the general partners of the Funds) are subject to U.S. federal income tax on long-term capital gain at rates that are substantially lower than the rates applicable to ordinary income or short-term capital gain. In general, gain from the disposition of an investment of the Funds held for more than one year will be treated as long-term capital gain. However, gain that is allocated to the general partners of the Funds in respect of carried interest will be treated as short-term capital gain unless the Fund's holding period in the relevant investment is more than three years. This special rule does not apply to allocations to the general partners of qualified dividend income in respect of carried interest and, therefore these allocations will continue to qualify for the preferential tax rate for non-corporate persons. As a consequence, conflicts of interest will arise between the interests of the general partners of the Funds and the interests of the investors of the Funds in connection with the general partners' investment-related determinations. Such determinations include, but are not limited to, decisions with respect to sourcing, evaluating, making, holding, monitoring, maintaining, refinancing, pledging, selling, refinancing or pledging of the Funds' investments.

## **Item 7 Types of Clients**

Tailwind provides investment advisory services to the Funds. The minimum commitment for an investor in a Fund is outlined in each Fund's confidential private placement memorandum and other governing documents; however, Tailwind maintains discretion to accept and has accepted less than the minimum commitment threshold. In addition, from time to time a Fund's general partner enters into letter agreements or other similar arrangements (collectively, "**Side Letters**") with certain investors without the approval of any other Fund investor that have the effect of establishing rights under, or altering or supplementing the terms of, the governing documents of the Fund as they apply to a particular Fund investor. As a result of such Side Letters, certain investors receive additional benefits that other investors will not receive, including, without limitation, better economic terms such as a reduced or otherwise more favorable management fee and/or carried interest, certain co-investment rights, information rights, excuse rights and transfer rights. The other investors will have no recourse against the Funds, Tailwind or any of its affiliates in the event that certain investors receive additional or different rights or terms as a result of such Side Letters.

Investors are required to meet certain suitability qualifications, such as being an "accredited investor" within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, investors will be required to make certain representations when investing in a Fund, including, but not limited to, representations that (i) they are acquiring an interest for their own account, (ii)

they received or had access to all information they deem relevant to evaluate the merits and risks of the prospective investment and (iii) they have the ability to bear the economic risk of an investment in the Fund. Details concerning applicable investor suitability criteria are set forth in the respective Fund's confidential private placement memorandum and subscription materials, which are furnished to each prospective investor.

## **Item 8 Methods of Analysis, Investment Strategies and Risk of Loss**

Tailwind has a growth-oriented and operationally intensive investment strategy focused on three sectors: Healthcare, Technology & Business Services, and Industrial Services. The Tailwind I Funds, the Tailwind II Funds and the Tailwind III Funds seek to acquire companies in the middle market with enterprise values of up to \$500 million that require equity investments between \$25 million and \$200 million, although certain transactions exceed these amounts. Tailwind seeks to transform these businesses into larger companies with sufficient scale to be desirable acquisition targets for both corporate and financial buyers.

To accomplish this transformation, Tailwind works with experienced management teams, entrepreneurs, Operating Executives and senior advisors to grow platform businesses through organic growth initiatives and add-on acquisitions. Tailwind's organic growth strategies include expanding geographic reach, broadening product or service offerings, assisting and augmenting management and adding sales and marketing resources. Tailwind also invests in upgrading information systems, financial resources, and controls to support portfolio companies' accelerated growth. Tailwind's add-on acquisition strategy is aimed at materially increasing a platform's size, geographic reach, customer base, product or service offerings and, ultimately, its growth rate. Tailwind seeks to identify add-on acquisitions that can be acquired at accretive multiples and efficiently integrated. While such add-on acquisition targets are typically smaller companies, acquisition targets may be larger than the acquiring company.

The investment activities of the Funds are directed by an investment committee comprised of Tailwind's partners and its managing directors who focus on deal-related activity. The investment committee is supported by the investment professionals of Tailwind and, as described further below, the Operating Executives and senior advisors. Tailwind has a disciplined investment process, which includes targeted sourcing of platform and add-on investments, consistent due diligence, a well-defined decision-making process and deal structuring designed to mitigate risk and properly align incentives with management. The execution of the Tailwind investment process draws on its sector-focused practice groups, as well as support from a dedicated business development and sourcing team, and investor relations, legal and diligence resources. After sourcing a potential investment, Tailwind follows a clearly defined, multi-step investment process. This process is designed to prioritize actionable opportunities, identify threshold issues early and solicit investment committee feedback during multiple stages of due diligence. Once diligence has been completed and terms have been negotiated, the deal team presents the opportunity to the investment committee for final approval. The subsequent portfolio company monitoring processes, which are designed to support the timely and successful execution of each portfolio company's business plan, involve periodic reviews of valuation parameters, investment performance, and disposition opportunities.

As described in greater detail in each Fund's confidential private placement memorandum and governing documents, Tailwind also engages and retains Operating Executives and senior advisors

who are neither partners nor employees of Tailwind or its affiliates but rather consultants engaged by Tailwind, the Funds or their portfolio companies, to provide advisory and key value-added services to, or with respect to, potential and existing investments. For potential investments for the Funds, they may assist in identifying investment opportunities, providing industry-specific insights, conducting due diligence, facilitating financing and providing resources through, and introductions to, industry contacts. After a Fund investment is made, they may work closely with management of the portfolio company to provide industry expertise and experience to implement the value-creation plan constructed for the business and/or assist with exit transactions. In some cases, Operating Executives or senior advisors take on more extensive roles with portfolio companies, such as serving in a senior executive capacity or serving on the portfolio company's board of directors. To the extent they serve as directors, advisors or consultants of, or otherwise provide services to, a portfolio company or serve as consultants of, or otherwise provide services to, a Fund, expenses associated with engaging these individuals will generally be borne by such portfolio company or Fund. In certain circumstances where Operating Executives or senior advisors serve as directors, advisors or consultants of, or otherwise provide services to, both a portfolio company and a Fund at the same time, they could receive compensation from such portfolio company and the Fund simultaneously. These expenses include the allocable portion of any cash compensation (including, retainer payments, consulting fees, directors' fees and/or, in some circumstances, bonuses), overhead allocation payments and expense reimbursement payments due to an Operating Executive or senior advisor, as well as the costs of compensatory equity in portfolio companies awarded to an Operating Executive or senior advisor. Any fees or other compensation received by such individuals will not be considered Other Fees that are applied to reduce the future management fees payable by a Fund.

All investing involves a risk of loss and the investment strategy offered by Tailwind could lose money over short or long periods. An investment in the Funds should be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand, and are capable of bearing, the risk of an investment in the Funds. No guarantee or representation is made that a Fund will achieve its investment objective or that investors will receive a return of their capital. The descriptions contained below are a brief overview of different market risks related to Tailwind's investment strategy and potential conflicts of interest that may arise in connection with the activities of Tailwind and its affiliates, on the one hand, and the Funds, on the other hand; however, it is not intended to serve as an exhaustive list or a comprehensive description of all risks and conflicts that may arise.

### ***No Assurance of Investment Returns***

Tailwind cannot provide assurance that it will be able to invest fully the committed capital of a Fund or be able to choose, make and realize investments in any particular company or portfolio of companies. There is no assurance that the Funds will be able to generate returns for investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that a Fund's investment objectives will be achieved or that there will be any return of capital. Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. The past investment performance of entities with which Tailwind professionals have been associated should not be construed as an indication of future results of any investment in a Fund. There can be no assurance that projected or targeted returns for a Fund will be achieved.

### ***Future Legal, Tax and Regulatory Risks for Private Equity Funds***

Future legal, tax and regulatory changes could occur that could adversely affect a Fund or Tailwind.

The regulatory environment for private equity funds is evolving, and changes in regulations that impact private equity funds could adversely affect the value of investments held by a Fund and the ability of the Fund to pursue its investment strategy. In light of the heightened regulatory environment in which the Funds and Tailwind operate and the ever-increasing regulations applicable to private investment funds and their investment advisors, it has become increasingly expensive and time-consuming for the Funds, Tailwind and their affiliates to comply with applicable regulatory obligations. The Funds could also be adversely affected by changes in the enforcement or interpretation of existing laws, rules and regulations, including tax laws, by federal, state and non-U.S. agencies, courts, authorities or regulators. The effect of any future regulatory changes on the Funds or Tailwind could be substantial and potentially adverse.

### ***Reliance on the Principals of Tailwind***

The successful investment of a Fund's assets will depend upon, among other things, the skill and expertise of the Tailwind professionals. There can be no assurance that the Tailwind professionals will continue to be associated with a Fund throughout the life of the Fund. The loss of the services of one or more Tailwind partners could have a material adverse effect on the performance and operation of a Fund. In addition, there can be no assurance that the Operating Executives or senior advisors will continue to be associated with a Fund throughout the life of a Fund. The loss of such relationships could also have an adverse effect on the Fund. Investors will have no right or power to participate in the management, disposition or other realization of any investment, the day-to-day operations of a Fund or any other decisions regarding the Fund's business and affairs. Investors should expect to rely solely upon the ability of Tailwind with respect to a Fund's operations.

### ***Availability of Suitable Investments***

While Tailwind believes that many attractive investments of the type in which the Funds invest are currently available, there can be no assurance that such investments will continue to be available or that available investments will continue to meet the Funds' investment criteria. Furthermore, a Fund could be unable to find a sufficient number of attractive investment opportunities to meet its investment objectives. Past performance is not necessarily indicative of future performance.

### ***Highly Competitive Market for Investment Opportunities***

The business of identifying and structuring private equity investments is highly competitive and involves a significant degree of uncertainty. The Funds will be competing for investments with other private equity investment vehicles, as well as individuals, financial institutions and other institutional investors. Moreover, an ever-increasing number of private equity funds have been formed (and many existing private equity and other similar investment funds have grown in size). Various hedge funds have also created "side pockets" to participate in private equity or other more illiquid investment opportunities. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Beyond the activities of competitors, the availability of investment opportunities generally will be subject to market conditions as well as, in some cases, the prevailing regulatory or political climate. There can be no assurance that the Funds will be able

to locate, complete and exit investments that satisfy the Funds' rate of return objectives, or realize upon their reported values, or that they will be able to invest fully their committed capital.

### ***Risks in Effecting Operating Improvements***

The success of a Fund's investment strategy depends, in part, on the ability of Tailwind to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such improvements.

### ***Cybersecurity Threats***

Cybersecurity incidents and cyber-attacks have been occurring globally at a more frequent and severe level and will likely continue to increase in frequency in the future. Tailwind, the Funds and any portfolio companies face cybersecurity risks. Cybersecurity risks are evolving and include, but are not limited to, computer malware, viruses, spamming and phishing attacks, and other attempts to gain unauthorized access to sensitive information (including, without limitation, personally identifiable information and information regarding the Funds' investors and Tailwind's investment activities).

Cyberattacks are sometimes carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on systems or web sites rendering them unavailable. Failures of information technology systems are also caused by various other factors, including power outages, catastrophic events, inadequate or ineffective redundancy, flaws in third-party software or services, or errors by employees or third-party service providers.

The controls and procedures, business continuity systems, and data security systems of Tailwind, the Funds, the portfolio companies and each of their respective service providers could prove to be inadequate. These problems could arise in both the internally-developed systems of Tailwind, a Fund or a portfolio company and in the systems of third-party service providers. Tailwind does not control the cyber security plans and systems put in place by third-party service providers, and such third-party service providers could have limited indemnification obligations to Tailwind, the Funds and/or any portfolio company, each of whom could be negatively impacted as a result.

Any cybersecurity attacks against Tailwind, the Funds or any portfolio companies could lead to the loss of sensitive information essential to such entity's operations, and could have a material adverse effect on such entity's reputations, financial positions or cash flows, and lead to financial losses including losses from remedial actions, loss of business, and lead to potential liability, including from civil and criminal actions or regulatory fines. The costs related to cyber or other security threats or disruptions are not fully insured or indemnified by other means.

### ***Limited Number of Investments***

The Funds could make only a limited number of investments and, as a consequence, the aggregate returns realized by the investors could be adversely affected in a material manner by the unfavorable performance of even one such investment. Moreover, since all of the Funds' investments cannot reasonably be expected to return capital, for a Fund to achieve its desired returns overall, most of its investments must perform reasonably in line with or above Tailwind's expectations. There can be no assurance that this will be the case.

### ***Exclusion from Investments***

Certain investors' participation in Fund investments could also be limited by virtue of a Fund's general partner's right to exclude an investor from participating in any Fund investment if the general partner determines in its reasonable discretion that such participation might have certain materially adverse effects on a portfolio company, the Fund or the general partner, including if such participation would be likely to result in violations of law or the imposition of materially burdensome regulatory or other legal requirements, or as a result of certain circumstances relating to the investor.

### ***Financial and Business Risk***

Investments made by the Funds will generally involve a significant degree of financial and/or business risk. Portfolio companies could face competition, changing business and economic conditions, as well as other developments that may adversely affect its performance. Portfolio companies could be highly leveraged and therefore will be more sensitive to declines in revenues, increases in expenses and adverse business, political, or financial developments or economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of the portfolio companies or their industries. Business risks could be more significant in smaller portfolio companies or those that are embarking on a build-up or operating turnaround strategy. If, for any of these reasons, a portfolio company is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness or make regular dividend payments, the value of a Fund's investments in such portfolio company could be significantly reduced or even eliminated. Such circumstances could cause a Fund to make a follow-on investment in such portfolio company, which would consequently increase the Fund's risk associated with such portfolio company. See "Follow-On Investments" below.

In addition, general fluctuations in the market prices of securities could affect the value of the investments held by a Fund. Instability in the securities markets could also increase the risks inherent in a Fund's investments. The ability of portfolio companies to refinance debt securities could depend on their ability to sell new securities in the public high-yield market or otherwise.

### ***Long-Term Investments***

A significant portion of a Fund's portfolio will typically consist of investments that will not be liquidated for a number of years after the initial investment. While a Fund's general partner could intend to achieve the Fund's target returns within a specified time horizon, other factors such as overall economic conditions, the competitive environment and the availability of potential acquirers could shorten or lengthen the Fund's holding period. The return of capital and the realization of gains, if any, will occur only upon the partial or complete disposition (including certain recapitalization transactions) of a Fund investment. Therefore, it is unlikely that a Fund will realize substantial capital gains during its early years.

### ***Investments Longer than Term***

A Fund could make investments which cannot be advantageously disposed of prior to the date of the Fund's dissolution, either by expiration of the Fund's term or otherwise. Although Tailwind expects that investments will be disposed of during a reasonable wind-up period following the dissolution of a Fund or be suitable for in-kind distribution during such wind-up period, the Fund could sell, distribute or otherwise dispose of investments at a disadvantageous time as the Fund

seeks to wind up its affairs.

### ***Risk of Realization of Investments***

Fund investments will typically be in private illiquid securities, which are normally subject to restrictions on resale. In most cases, there will be no public market for the securities held by the Funds at the time of their acquisition. A Fund will generally not be able to sell its securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, there can be no assurances that a Fund's investments can be sold on a private basis. Furthermore, in some cases, a Fund could be prohibited by contract, legal, regulatory or other reasons from selling such securities for a period of time or otherwise be restricted from disposing of its investments. In addition, investments in which a Fund holds minority interests could be subject to restrictions on the realization of such investments. The investments made by a Fund could require a substantial length of time to realize a return or fully liquidate. A Fund could exit some investments through distributions in kind to its partners, after which partners would bear the risk of holding the securities and would have to make their own disposition decisions.

As a result, there is a significant risk that a Fund will be unable to realize its investment objectives by sale or other disposition at attractive prices, or will otherwise be unable to complete any exit strategy, of its investments. In particular, these risks could arise from changes in the financial condition or prospects of the portfolio company in which the investment is made, changes in national or international economic or political conditions, changes in debt and equity capital markets and changes in laws, regulations, fiscal policies or political conditions.

In connection with the disposition of an investment in a portfolio company, a Fund will be required to make representations about the business and financial affairs of the portfolio company or be responsible for the contents of disclosure documents under applicable securities laws. A Fund could also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements could result in contingent liabilities, which might ultimately have to be funded by proceeds, including return of capital, from a Fund's other investments or by the investors.

### ***Pandemics and Other Public Health Crises***

The Funds' and portfolio companies' success could be materially and adversely affected by the outbreak of pandemics or other public health crises. For example, in late December 2019 a notice of pneumonia of unknown cause originating from Wuhan, China was reported to the World Health Organization. A novel coronavirus ("**COVID-19**") was identified and was subsequently declared a pandemic on March 11, 2020 as it spread globally. The ongoing outbreak of COVID-19 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. 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 the resulting precipitous decline in economic and commercial activity across nearly all of the world's largest economies — 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 are possible, including a further global or regional economic downturn of indeterminate duration and severity. 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 designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. The risk of continued spreading of COVID-19 has led to significant uncertainty and volatility in the financial markets and disruption to the global economy, the consequences of which are currently unpredictable and could have a significant adverse impact and result in significant losses to the Fund.

The Funds will be subject to the risk of loss arising from exposure that they may incur, due to the occurrence of various events, including hurricanes, earthquakes, and other natural disasters, terrorism and other catastrophic events such as COVID-19 and any other future pandemics and epidemics. These catastrophic risks of loss can be substantial and could have a material adverse effect on Tailwind's business, the Funds and portfolios companies. To respond to potential safety threats, Tailwind has established business continuity plans which it believes are reasonably designed to address various types of disruptions, including but not limited to the ability of its personnel to work remotely.

### ***Hedging Policies/Risks***

In connection with the financing of certain investments, a Fund could employ hedging techniques designed to reduce the risks of adverse movements in interest rates, credit, securities prices and currency exchange. In particular, the variable degree of correlation between price movements of hedging instruments and price movements in the position being hedged creates the possibility that losses on the hedge could be greater, or gains smaller, than losses or gains, as the case may be, in the value of the underlying position. While a Fund could benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, credit defaults, securities prices or currency exchange rates could result in a worse overall performance for a Fund than if the Fund had not entered into such hedging transactions. In situations in which a Fund is required to post margin or other collateral with a counterparty, the counterparty could fail to segregate the collateral or could commingle the collateral with the counterparty's own assets. As a result, in the event of the counterparty's bankruptcy or insolvency, a Fund's collateral could be subject to the conflicting claims of the counterparty's creditors, and the Fund could be exposed to the risk of a court's treating the Fund as a general unsecured creditor of the counterparty, rather than as the owner of the collateral. Additionally, such hedging transactions will add to the cost of the investment, could



require ongoing cash payments to counterparties, could subject a Fund to the risk that the counterparty defaults on its obligations and could produce different tax consequences to the Fund's investors than would apply if the Fund had not entered into such hedging transactions.

### ***Risk of Bridge Financing***

If a Fund provides bridge financing in a single transaction with the intent of refinancing such bridge financing, there is a risk that the Fund will be unable to complete the refinancing. This could lead to the Fund having a long-term investment in a junior or illiquid debt security or the Fund having a larger than anticipated amount of capital invested in a portfolio company.

### ***Follow-On Investments***

A Fund could be called upon to provide follow-on funding for its portfolio companies or could have the opportunity to increase its investment in such portfolio companies. The amount of the additional financing needed will depend upon the maturity and objectives of such portfolio companies. There can be no assurance that a Fund will desire to make follow-on investments or that it will have sufficient funds to do so. Any decision by a Fund not to make follow-on investments or its inability to make them could have a substantial negative impact on a portfolio company in need of such an investment or could diminish the Fund's ability to influence the portfolio company's future development.

### ***Investments in Partnerships, Joint Ventures and Other Entities***

The Funds expect to make investments through partnerships, joint ventures or other entities. Such investments involve risks not present in direct investments, including, for example, the possibility that a joint venture partner of a Fund might have financial difficulties or become bankrupt, or could at any time have economic or business interests or goals which are inconsistent with those of the Fund, or that such joint venture partner could be in a position to take action contrary to the Fund's objectives. In addition, a Fund could in certain circumstances be liable for actions of its joint venture partners. Furthermore, if a joint venture partner defaults on its funding obligations, the Funds could be required to make up the shortfall. While a Fund's general partner will review the qualifications and previous experience of joint venture partners, it does not expect to obtain financial information from, or to undertake private investigations with respect to, prospective joint venture partners.

### ***Side Letters***

A Fund's general partner is permitted, from time to time, to enter into Side Letters or other similar arrangements with one or more investors without the consent of any other Fund investor which have the effect of establishing rights under, or altering or supplementing the terms of, the governing documents of the Fund as they apply to a particular Fund investor. As a result of such Side Letters, certain investors receive additional benefits (such as reduced or otherwise more favorable expense provisions, information rights, waivers or reduction of certain carried interest or management fees, certain co-investment rights, excuse rights or transfer rights, confidentiality obligations or rights or terms necessary in light of the particular legal, regulatory or public policy characteristics of a Fund investor) that other investors will not receive. The other investors will have no recourse against the Funds, Tailwind or any of its affiliates in the event that certain investors receive additional or different rights or terms as a result of such Side Letters.

## *Leverage*

A significant amount of leverage could be used in connection with investments. This leverage will increase the exposure of such investments to adverse economic factors such as significantly rising interest rates, severe economic downturns or deteriorations in the condition of the portfolio company or its industry. The percentage of leverage will vary depending on the ability to obtain credit facilities and the lender's and rating agencies' estimate of the stability of the particular portfolio company's cash flow. The portfolio company will be required to comply with certain financial covenants under a credit facility. Lenders or other holders of senior positions will be entitled to a preferred cash flow prior to a Fund receiving a return on leveraged investments. In the event a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investment in the portfolio company could be reduced significantly or even eliminated. The return on investments could be reduced to the extent that changes in market conditions increase the cost of financing relative to the income that can be derived from the assets acquired. Fees and expenses incurred by a Fund in connection with any such leverage, including any interest payments, will be borne by such Fund.

A Fund's general partner is permitted to obtain, and for certain Funds has obtained, one or more revolving credit facilities that could be secured on a joint and several basis by a Fund and certain other entities comprising a Fund complex by, among other things, the aggregate capital commitments of the investors of the Fund, the investors' obligations to make capital contributions and a collateral account of the Fund into which the payment by the investors of their available capital commitments are to be made. In addition, the interest expense and other costs of any such borrowings will be expenses of the Fund and, accordingly, will decrease net returns of the Fund. It is expected that the costs relating to the establishment and/or maintenance of a revolving credit line will be significant, and there can be no assurance that the benefit to investors will be commensurate with such costs. Any inability of the Fund to repay such borrowings could enable a lender to take action against an investor to the extent of its then available capital commitment to the Fund. A Fund's general partner expects to, from time to time, borrow funds on behalf of the Fund to fund drawdowns until such funds are otherwise made available and to cause the Fund to guarantee obligations or otherwise become contingently liable with respect to indebtedness or other obligations of any portfolio company or affiliate of any portfolio company. Such guarantees, if required to be funded, could require the Fund to contribute additional funds in respect of such portfolio company or affiliate without a commensurate increase in the value of the investment in such portfolio company or affiliate and result in losses to the Fund in respect of such investment. Interest may accrue on any such outstanding borrowings at a rate lower than the preferred return of the Fund.

In light of the foregoing, because the Funds intend to use such borrowings or financings to fund investments, expenses and management fees, often in advance of calling capital from investors, (i) the internal rate of return experienced by an investor will differ from what it would have been had such borrowings or financings not been used and (ii) to the extent such internal rate of return is calculated based on the actual dates of capital contributions from, and distributions to, an investor, the use of borrowing and financings in lieu of calling capital will cause the date of contribution to be later in time resulting in a higher rate of return. Accordingly, (i) the general partners of the Funds will have an incentive to fund the acquisition of investments and the ongoing capital needs of the Funds with the proceeds of borrowings or other financings in lieu of drawing down capital commitments and (ii) each Fund's investors will have correspondingly later contributions than would have been in the case of in the absence of such borrowings and are required to bear interest

expenses thereon, which results in expenses that are higher than would have been the case in the absence of such borrowings. Since internal rate of return calculations are time-weighted, and the relevant calculations would incorporate longer periods of time during which capital is deployed had such Fund not borrowed funds in advance of calling capital, such borrowing results in a rate of return that is higher than would have otherwise been the case.

The extent to which a Fund uses leverage may have important consequences to investors, including, but not limited to, the following: (i) in certain circumstances it may be necessary to sell investments earlier than the general partner of a Fund would have sold such investments to achieve optimum returns or to make larger capital calls than anticipated to service the Fund's debt obligations, (ii) the use of leverage can, under certain circumstances, (x) limit the ability of the general partner of a Fund to consent to transfers of investors' interests in the Fund or (y) limit the ability of the general partner of a Fund to make distributions to investors, and (iii) expediting the receipt by the general partner of a Fund of its carried interest and increasing the risk that the general partner of a Fund will be required to return to the Fund distributions of carried interest it previously received pursuant to the general partner clawback.

### ***Reliance on Management of Portfolio Companies***

A Fund's general partner will monitor the performance of investments in portfolio companies either through interaction with the board of directors of the portfolio company and/or by maintaining an ongoing dialogue with the portfolio company's management team. However, management will be primarily responsible for the operations of the portfolio company on a day-to-day basis. Although it is the intent of the Funds to invest in portfolio companies with strong operating management, there can be no assurance that the existing management team, or any new one, will be able to operate the company successfully. In addition, portfolio companies will seek to attract and retain executives to their management teams. The market for executive talent can be extremely competitive. There can be no assurance that portfolio companies will be able to attract and retain suitable personnel to their management teams.

### ***Risk Arising from Provision of Managerial Assistance***

Tailwind expects to obtain rights to participate substantially in the conduct of the management of many of the Funds' portfolio companies. A Fund's general partner typically will designate directors to serve on the boards of directors of portfolio companies. The designation of representatives and other measures contemplated could expose the assets of a Fund to claims by a portfolio company, its security holders and its creditors, including claims that the Fund is a controlling person and thus is liable for securities laws violations of a portfolio company. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company, could result in claims against the Fund if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles, and could expose the Fund to claims that it has interfered in management to the detriment of a portfolio company. While Tailwind intends to operate the Funds in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

### ***Investment in Restructurings***

The Funds could make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties, which may never be

overcome. Such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities, which could exceed the value of the Funds' original investments therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor could have its claims subordinated, or disallowed, or could be found liable for damage suffered by parties as a result of such actions. In addition, under certain circumstances, payments to a Fund and distributions by a Fund to the investors could be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. Investments in restructurings involving non-U.S. portfolio companies could be subject to various laws enacted in the countries of their issuance for the protection of creditors. These considerations will differ depending on the country in which each portfolio company is located or domiciled.

### ***Control Person Liability***

The Funds will have controlling interests in some of their portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations (including securities laws), pension plan liability or other types of liability in which the limited liability generally characteristic of business ownership may be ignored. If these liabilities were to arise, a Fund could suffer a significant loss.

### ***Minority Investments***

The Funds could make or, as the result of the partial sale of a portfolio company retain, minority equity investments in entities where the Funds do not effectively control or influence the business or affairs of such entities. Under such circumstances, there is the possibility that the entity in which a Fund's investments are made has economic or business interests or goals that are inconsistent with those of the Fund, and the Fund might not be in a position to limit or otherwise protect the value of the Fund's investments in the entity. In addition, although the Funds could seek board representation in connection with their investments, there is no assurance that such representation, if sought, will be obtained. In such cases, a Fund will be significantly reliant on the existing management and board of directors of such companies, which could include representation of other financial investors with whom the Fund is not affiliated and whose interests could conflict with the interests of the Fund.

### ***Investments in Less Established Companies***

The Funds could invest a portion of their assets in the securities of less established companies or early stage companies. Investments in such early stage companies involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for the securities held by the Funds, such securities are subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also could have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and could result in the loss of a Fund's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments.

Certain potential portfolio companies may not have audited financial statements at the time a Fund is considering making an investment in such a company, and a Fund's valuation of such an investment will generally be determined based upon limited, if any, financial and other information provided by such portfolio company. Tailwind may not have sufficient information in order to be able (and expressly disclaims any obligation) to confirm or review the accuracy of the information provided by such portfolio companies. Accordingly, the valuation of investments in such portfolio companies is expected to be difficult and not without uncertainty, and may not necessarily reflect the actual value of these investments.

### ***General Economic Conditions***

As a result of the financial crisis, and recent market fluctuations and social disruptions related to the uncertainty of COVID-19, various sectors of the United States and the global financial markets are experiencing a period of adverse conditions. During this period market uncertainty has increased dramatically.

These conditions may result in periods of reduced liquidity, greater volatility, general widening of credit spreads, a contraction in the availability of credit and a lack of price transparency. These difficult global credit market conditions adversely affected the market values of equity, fixed-income and other securities. The long-term impact of such events are uncertain and could continue to have an adverse effect on general economic conditions, consumer and business confidence and market liquidity. The ability of the Funds to generate attractive investment returns for its investors may be adversely affected to the extent the Funds or their investments are unable to obtain favorable financing terms. Moreover, to the extent that such marketplace events continue and/or are exacerbated, they may have a continued adverse impact on the availability of credit to businesses generally and could lead to a further weakening of global economies. Such an economic downturn could adversely affect investments in which the Funds intend to participate and may also restrict the ability of the Funds to sell or liquidate investments at favorable times or for favorable prices.

An outbreak of disease or similar public health threat, or fear of such an event could have a material adverse impact on the Funds' portfolio companies' businesses, financial conditions and operating results. The extent of the impact of COVID-19 on such companies, the stability of their labor and workforces and the consumer demand for the goods and/or services provided by such companies, will depend on future developments, including the duration and spread of the outbreak, related travel advisories and restrictions and disruptions to the global supply chain, which are highly uncertain and cannot be predicted (see "Pandemics and Other Public Health Crises" above).

Further negative impact on economic fundamentals and consumer and business confidence, whether due to the continued spread and impact of COVID-19 or other economic causes, would likely continue to increase market volatility and reduce liquidity, both of which could have a material adverse effect on the performance of investments made by a Fund, and these or similar events may affect a Fund's ability to execute its investment strategy. For example, during the global financial crisis of 2007 to 2008, various sectors of the global financial markets experienced an extended period of adverse conditions following serious disruptions in the U.S. residential mortgage market. Market uncertainty in the United States increased dramatically during this time, and adverse market conditions in the United States expanded to other markets. These conditions resulted in reduced liquidity, greater volatility, general widening of credit spreads and a lack of price transparency. These difficult global credit market conditions adversely affected the market values

of equity, fixed-income and other securities. To the extent that similar marketplace conditions deteriorate, these conditions may have an adverse impact on the Funds and their investments.

Volatility and disruption in the equity and credit markets could adversely affect the value of the Funds' portfolio companies. For example, the lack of available credit and/or the increased cost of credit could materially adversely affect the performance of a Fund that relies heavily on leverage in connection with its investments. Disruptions in the debt and equity markets could make it more difficult for the Funds to exit and realize value from their investments because potential buyers of portfolio companies may not be able to finance acquisitions and the equity markets have become less favorable for initial public offerings. Volatility will also directly affect the market prices of securities issued by many companies for reasons unrelated to their operating performance and could adversely affect the valuation of the Funds' investments. Any or all of these factors could adversely affect investment returns for the Funds. Governmental authorities undertook initiatives designed to strengthen and stabilize the economy and the financial markets; however, there can be no assurance that these initiatives will be successful, and there is no way to predict the ultimate impact of the disruption or the effect that these initiatives will have on the performance of the Funds.

### ***Non-U.S. Investments***

Tailwind primarily targets investments in the United States, but is permitted to invest, on a selective basis, in other geographic areas. The Funds therefore are permitted to make investments outside the United States and such investments involve certain additional risks. In addition, the Funds' portfolio companies could have substantial business activities in certain other countries, and could therefore be subject to certain risks associated with such other countries, such as a higher degree of government regulations, adverse political developments and/or unfavorable overall economies.

There is also often a high degree of government regulation in European economies, and action by European governments could have a significant effect on market conditions and the performance of the portfolio companies that derive significant revenues from European customers or businesses. In particular, the Funds and such portfolio companies may face risks relating to the expected exit of the United Kingdom from the EU. On January 31, 2020, the United Kingdom ("UK") ceased to be a member of the European Union ("EU"). Under the terms of the withdrawal agreement concluded between the UK and the EU, a transition (or standstill) period ran until December 31, 2020, during which time the UK continued to benefit from and be bound by many EU laws. In December 2020, the UK and the EU agreed on a trade and cooperation agreement (the "**Trade and Cooperation Agreement**") that has applied provisionally since the end of the transition period and will apply until it is formally ratified by the parties to the agreement. The Trade and Cooperation Agreement covers the general objectives and framework of the relationship between the UK and the EU, including in relation to trade, transport, visas, judicial, law enforcement and security matters, and provides for continued participation in community programs and mechanisms for dispute resolution. Under the terms of the Trade and Cooperation Agreement, UK firms no longer benefit from automatic access to the EU single market and there is no longer the free movement of people between the UK and the EU. As of the date hereof, the application of the terms of the Trade and Cooperation Agreement between the UK and the EU and the impact it may have on businesses and the financial markets is not clear; the legal, political and economic changes resulting from Brexit may adversely impact businesses based in the UK, and may also result in an economic slowdown and/or a deteriorating business environment in one or more EU member states. Such negative

economic impact and volatility could, in turn, adversely affect market conditions. Brexit may impact the regulatory framework applicable to the operations of the Funds, including anticipated regulatory reform. Such negative economic impact and volatility could, in turn, adversely affect market conditions, prices and yields of securities in the Funds' portfolio. In addition, the political and economic instability in the United Kingdom and other European countries, particularly countries in the Eurozone, could adversely affect the Funds' investments. Any changes to the regulatory framework could impact the regulatory requirements imposed on the Funds and increase the costs of operating and managing the Funds and certain of its investments.

### ***Recourse to Fund Assets***

A Fund's assets, including any investments made by the Fund and any capital held by the Fund, are available to satisfy all liabilities and other obligations of the Fund. If a Fund becomes subject to a liability, parties seeking to have the liability satisfied could have recourse to the Fund's assets generally and may not be limited to any particular asset, such as the investment giving rise to the liability. Accordingly, investors could find their interests in a Fund's assets adversely affected by a liability arising out of an investment in which they did not participate because, for example, they were excluded or excused by the Fund's general partner.

### ***Restrictions on Transfer or Withdrawal***

The interests in the Funds represent highly illiquid investments and should only be acquired by investors able to commit their funds for an indefinite period of time. No Fund investor will be permitted to sell, assign, mortgage, transfer, exchange, pledge, gift, hypothecate, short sell or otherwise directly or indirectly disclose or transfer any of their interests without the prior written consent of the applicable Fund's general partner. Furthermore, the transferability of the interests will be subject to certain restrictions contained in the governing documents of a Fund and could be affected by restrictions on resale imposed under federal and state securities laws.

The interests in the Funds have not been registered under the Securities Act or applicable securities laws of any state or non-U.S. jurisdiction. Therefore, the interests cannot be resold unless subsequently registered under the Securities Act and other applicable laws or an exemption from such registration is available. It is not contemplated that registration under the Securities Act or other securities laws will ever be effected. A public market does not currently exist for the interests and one is not expected to develop.

### ***Absence of Regulatory Oversight***

The Funds are not registered as an investment company under the Investment Company Act, and, accordingly, the protections of the Investment Company Act are not applicable to the Funds. In addition, the interests have not been registered under the laws of any jurisdiction (including the Securities Act, the laws of any state of the United States, or the laws of any non-U.S. jurisdiction), and were offered in reliance upon an exemption from such laws. The interests have not been recommended by any U.S. federal or state, or any non-U.S. securities commission or regulatory authority. Furthermore, the foregoing authorities have not confirmed the accuracy or determined the adequacy of any Fund's confidential private placement memorandum. Certain Funds, however, have registered, and may in the future register, in certain non-U.S. jurisdictions for purposes of marketing the relevant Fund in such jurisdiction in accordance with applicable law.

### ***Uncertainty of Financial Projections***

A Fund's general partner will generally establish the pricing of transactions and the capital structure of portfolio companies on the basis of financial projections for such portfolio companies. Projected operating results will normally be based primarily on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic, political and market conditions, which are not predictable, can have a material adverse impact on the reliability of such projections.

### ***Litigation Risks***

Tailwind, its affiliates and portfolio companies are subject to substantial litigation risks and could face significant liabilities and damage to their professional reputation as a result of litigation allegations, investigations and negative publicity. Such risks include potential regulatory and enforcement actions, litigation against the members of the board of directors of a portfolio company (which may include Tailwind investment professionals and the Operating Executives and senior advisors), litigation by shareholders or debt holders of portfolio companies and litigation with counterparties to transactions entered into by portfolio companies, the Funds, Tailwind or its affiliates. Tailwind and its affiliates are also exposed to risks of litigation or investigation in the event of any transactions that presented conflicts of interest that were not properly addressed. If any lawsuit resulted in a finding of substantial legal liability, the lawsuit could materially adversely affect the business, financial condition or results of operations of Tailwind, its affiliates, portfolio companies and the Funds or cause significant reputational harm, which could seriously impact their business.

### ***Indemnification***

Each Fund has agreed to indemnify its general partner, Tailwind, any other affiliate of the general partner, all officers, directors, members, employees, stockholders, partners, agents, managers, advisors and representatives of the general partner, Tailwind and any other affiliate of the general partner, the members of the investor advisory committee (or the investors such members represent) and the Operating Executives and senior advisors for liabilities incurred in connection with the governing document or the affairs of the Fund. Such liabilities could be material and have an adverse effect on the returns to the investors. For example, in their capacity as directors of portfolio companies, Tailwind investment professionals, the Operating Executives or senior advisors could be subject to derivative or other similar claims brought by shareholders of such companies. Any indemnification obligations of a Fund will be payable from the assets of the Fund, including the unpaid capital commitments of the investors. If the assets of a Fund are insufficient, the general partner is permitted to recall certain distributions previously made to the investors of the Fund. The Funds' indemnification obligations will not constitute a waiver or limitation of any Fund investor's rights under the U.S. federal or state securities laws. The Funds maintain insurance to cover their indemnification obligations, however such obligations could exceed the limits of such insurance coverage.

### ***Defaulting Partners***

Upon the failure of an investor to fund required capital contributions, the investor will be in default. The amount of such default will accrue interest. In addition, a Fund's general partner is



permitted to exercise a number of remedies, including (i) causing the defaulting investor to forfeit all or any portion of future distributions made by such Fund, (ii) causing the defaulting investor to be excluded from participating in future investments, and (iii) causing a forced sale of the defaulting investor's interest. A Fund's general partner is also permitted to require the non-defaulting Fund investors to fund amounts to cover shortfall amounts arising from such a default. Unless a Fund's general partner elects to terminate a defaulting investor's unused commitment, the defaulting investor will continue to remain obligated to make capital contributions to such Fund up to the full amount of its available commitment.

### ***General Partner Termination and Removal Rights***

A supermajority vote of the investors of the Tailwind I Funds, the Tailwind II Funds or the Tailwind III Funds (as set forth in the relevant Fund complex's governing documents and excluding for purposes of such calculation the commitments of defaulting investors and investors affiliated with the Fund complex's general partner) have the right to remove the Fund complex's general partner at any time, terminate the commitment period or terminate the term of the Fund complex, and a lower vote of such investors (as set forth in the relevant Fund complex's governing documents and excluding for purposes of such calculation the commitments of defaulting investors and investors affiliated with the Fund complex's general partner) will have the right to remove the Fund complex's general partner for cause. Any such termination or removal could prevent a Fund from continuing operations as currently contemplated. Such a termination or removal could be considered adverse by the non-approving investors.

### ***Business with Portfolio Companies and Investors***

Tailwind has in the past and expects from time to time in the future engage portfolio companies of Tailwind to provide services to, or receive goods and services from, one portfolio company to another portfolio company or to Tailwind. Such arrangements are intended to be entered into on an arm's length basis, as the parties deem appropriate. In addition, Tailwind or its affiliates has in the past and expects from time to time in the future utilize the services of one or more Fund investors and their affiliates on an arm's length basis, as the parties deem appropriate. Such arrangements with portfolio companies and Fund investors give rise to conflicts of interest between the Fund or portfolio company, on the one hand, Tailwind, a Tailwind investor, or a portfolio company, on the other hand, or between portfolio companies.

### ***Other Fees***

Tailwind or its affiliates receive Other Fees (as defined in "Fees and Compensation" above). While the Fund's governing documents generally provide that a percentage of Other Fees will be used to offset or reduce the management fees payable by a Fund, there are circumstances where Fund investors will receive no benefit from such fees. Expenses that are reimbursed by a portfolio company include certain expenses that would not constitute Fund expenses, but instead would be borne by a Fund's general partner or Tailwind absent such reimbursement (as described in a Fund's governing documents). The payment of such fees and expenses by a portfolio company could also be viewed as reducing the value of such portfolio company and accordingly the value of the Fund's investment in such portfolio company.

When a fee is paid to Tailwind or its affiliates arising from a transaction where the Fund has invested, or proposes to invest, alongside other co-investors and/or co-investment vehicles,

aggregators and/or other similar vehicles established to co-invest alongside the Fund in connection with such Fund investment, only the portion that is allocable to the Fund's investment (based on the Fund's investment percentage of the transaction) will reduce the obligations of the investors of the Fund to make capital contributions in respect of the management fee payable by the Fund to Tailwind. Accordingly, unless otherwise agreed by the general partner of a Fund or such affiliates with such other parties, Tailwind or such affiliates will be entitled to receive or retain the fees that are allocable to the investments made by such other parties alongside a Fund, and the amount of such fees will not reduce the obligations of the Fund investors to make capital contributions in respect of such management fee.

While it is generally not Tailwind's practice, the terms of a monitoring agreement could, in certain instances, provide for an acceleration of fees paid to Tailwind or its affiliates upon termination of such agreement following certain milestones (such as an initial public offering or sale); in such instances, Tailwind or its affiliates would be entitled to a lump-sum termination fee with respect to such agreement. As noted above, the Fund's governing documents generally provide that any accelerated monitoring fees will be used to offset or reduce the management fees payable to a Fund, although there could be circumstances where Fund investors will receive no benefit from such fees and expenses in connection with their investment in a Fund.

### ***Diverse Membership***

The investors of the Funds include taxable and tax-exempt entities and persons from jurisdictions outside of the United States. Such persons will have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests of individual Fund investors could relate to or arise from, among other things, the nature of the investments made by the Funds, the structuring of the acquisition of Fund investments and the timing of disposition of investments. As a consequence, conflicts of interest that arise in connection with decisions made by Tailwind that could be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations, including with respect to the nature or structuring of investments. In selecting and structuring the investments appropriate for the Funds, Tailwind will consider the investment and tax objectives of the Funds and the investors as a whole, and not the investment, tax or other objectives of any Fund investor individually. See "Item 6 Performance Based Fees and Side-by-Side Management" above.

### ***Other Tailwind Clients***

In addition to responsibilities with respect to the management and investment activities of the Funds, Tailwind, the key persons of a Fund and their affiliates will have similar responsibilities with respect to various other existing and future pooled investment vehicles and client accounts (collectively, the "**Other Tailwind Clients**"). The existence of such multiple vehicles and accounts necessarily creates a number of potential conflicts of interest.

Certain Tailwind professionals, through their activities in the Related Advisors and their respective affiliates, provide management and advisory services and devote time to Other Tailwind Clients, including the Funds and any successor fund thereto (if applicable), for fees and certain performance-related payments. Conflicts of interest will arise in connection with management services and the allocation of management resources rendered to Tailwind Clients and the activities of Tailwind professionals on behalf of the Funds, including, without limitation, in connection with disposition decisions of the Funds' investments in their portfolio companies (including in respect

of timing, structuring and terms of the disposition thereof).

### ***Investments Involving Other Clients***

A Fund could, from time to time, make an investment in a portfolio company in which one or more Other Tailwind Clients invest in a different part of the capital structure or in the same securities. There may be instances where such a portfolio company could become insolvent or bankrupt and where such Fund's interests and the Other Tailwind Clients' interests in such portfolio company may otherwise conflict. To the extent that a Fund holds securities in a portfolio company with rights, preferences and privileges that are different than those held by Other Tailwind Clients in the same portfolio company, Tailwind and its affiliates are likely to be presented with decisions where the interests of such Fund and the Other Tailwind Clients are in conflict. It is possible that in a bankruptcy proceeding, a Fund's interests could be subordinated or otherwise adversely affected by virtue of the Other Tailwind Clients' involvement and actions relating to such investment.

### ***Co-Investment Opportunities***

As described herein, Tailwind will in its discretion make available certain opportunities to co-invest with a Fund to one or more investors of the Fund and other third-party investors. The allocation of any such co-investment opportunity may or may not be in proportion to the commitments of such investors to a Fund and are likely to involve different terms and fee structures. In these cases, while Tailwind will seek to act in the best interest of the Fund, a party could argue that the Fund received a smaller allocation in the particular investment than it otherwise would have received if Tailwind had not provided the third party with the co-investment opportunity. In addition, the governing documents of the Tailwind III Funds permit Tailwind to specify a percentage for purposes of additional co-investment for any calendar year by the Tailwind partners, other professionals, employees, and advisors (including the Operating Executives and senior advisors) of Tailwind, and family members or family investment vehicles of any person described above (any such person or entity, a "**Tailwind Person**"), the Fund's general partner or their respective affiliates. If such a percentage is specified, the Fund's general partner, the Tailwind Persons or their respective affiliates will make an additional investment on a side-by-side basis with the Fund in an amount equal to such specified percentage, not to exceed 2%, of the total amount available for investment by the Fund in each investment opportunity.

Any expenses attributable to a particular investment held by a Fund and any co-investment vehicle and/or committed co-investment fund, in each case established and managed by Tailwind or its affiliates, will generally be allocated among the Fund and such co-investment vehicle and/or committed co-investment fund pro rata in accordance with their respective aggregate invested capital in such investment. Any expenses associated with any proposed Fund investment that is ultimately not consummated (including any expenses that would have been allocable to co-investors had such proposed investments been consummated) will generally be borne by the applicable Fund (see "Fees and Compensation" above). In addition, such co-investment vehicles do not bear certain fees and expenses that are borne by the Funds, such as fees and expenses of third-party data feeds, subscriptions and reports, but indirectly benefit from such services.

### ***Investor Advisory Committee***

A Fund's general partner is permitted, in certain situations, to choose to seek the approval of a majority of the members of the Fund's investor advisory committee to address potential conflicts of interest. The general partner is also permitted to choose to seek the approval of the Fund investors

with respect to such situations. Such approval could be sought from investors having a majority of the aggregate investor commitments in a Fund, or from those having a majority of the capital invested in a particular investment, depending upon the circumstances. Any such approval by the investor advisory committee or Fund investors will be binding upon the Fund and all the Fund investors.

### ***Tailwind I Funds, Tailwind II Funds and Tailwind III Funds***

Conflicts of interest will arise in connection with management services rendered to the Tailwind I Funds, the Tailwind II Funds and the Tailwind III Funds and the activities of the principals of Tailwind and other Tailwind professionals on behalf of any successor fund (if applicable), including, without limitation, in connection with follow-on investments by such successor fund in portfolio companies of the Tailwind I Funds, the Tailwind II Funds and the Tailwind III Funds (including in respect of timing, structuring and terms of such investments and the disposition thereof).

### ***Management of the Fund***

Except as otherwise described in the confidential private placement memorandum and governing documents of the Funds, employees, officers, directors, principals, members and affiliates of a Fund's general partner are not obligated to devote their full time to such Fund, but will devote such time as a Fund's general partner in its sole discretion deems necessary to effectively carry out the operations of such Fund.

### ***Conflicts with Portfolio Companies***

Tailwind investment professionals and the Operating Executives and senior advisors serve as directors and officers of certain portfolio companies and, in that capacity, are required to make decisions that consider the best interests of the portfolio company. In certain circumstances, for example, in situations involving bankruptcy or near-insolvency of the portfolio company, actions that are in the best interest of the portfolio company may not be in the best interests of a Fund invested in such portfolio company, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as a Tailwind investment professional or senior advisor or an Operating Executive and such individual's duties as a director of the portfolio company.

### ***Material, Non-Public Information***

By reason of their responsibilities in connection with their other activities, certain Tailwind personnel will acquire confidential or material non-public information or could be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold. Such restrictions could adversely impact the Funds and their investors.

### ***Privacy Policy***

Tailwind and its affiliates have established policies with respect to nonpublic personal information provided to it with respect to individuals who are investors in a Fund. Tailwind recognizes the importance of maintaining the privacy of any nonpublic personal information it receives with respect to each Fund investor. In the course of providing management services to a Fund, Tailwind collects nonpublic personal information about investors from the subscription

agreements and the certificates and exhibits thereto that each investor submits to Tailwind. Tailwind may also collect nonpublic personal information about each investor from conversations and correspondence between each investor and Tailwind, both prior to and during the course of each investor's investment in a Fund.

Tailwind, its affiliates, the Funds and certain portfolio companies are subject to the requirements of applicable data privacy laws, such as the General Data Protection Regulation (the “**GDPR**”) and other data privacy laws and violation of the GDPR or such other laws may lead to significant fines, financial losses from remedial actions, loss of business, injunctions and reputational and other harm. The GDPR went into effect on May 25, 2018 and seeks to harmonize national data protection laws across the European Union (the “**EU**”), while at the same time, modernizing the law to address new technological developments. As a regulation, the GDPR is binding on data controllers and data processors in all EU member states, without the need for implementation in each member state. The GDPR notably has a greater extra-territorial reach and has a significant impact on data controllers and data processors either with an establishment in the EU, or which offer goods or services to EU data subjects or monitor EU data subjects' behavior within the EU. The new regime imposes more stringent operational requirements on both data controllers and data processors, and introduces significant penalties for non-compliance with fines of up to 4% of total annual worldwide turnover or €20 million (whichever is higher), depending on the type and severity of the breach. Violations of the GDPR and other data privacy laws could lead to significant fines, financial losses from remedial actions, loss of business, injunctions and reputational and other harm.

In addition, the California Consumer Privacy Act (the “**CCPA**”), effective as of January 1, 2020, creates new individual privacy rights for California consumers (as defined in the law) and places increased privacy and security obligations on entities handling personal data of consumers or households. The CCPA requires covered companies to provide new disclosure to consumers about such companies' data collection, use and sharing practices, provide such consumers new ways to opt-out of certain sales or transfers of personal information, and provide consumers with additional causes of action. As currently written, the CCPA may impact the policies of the General Partner, its affiliates and their portfolio companies with respect to nonpublic personal information. Additionally, California voters approved a new privacy law, the California Privacy Rights Act (“**CPRA**”) as a ballot initiative in the November 2020 election. Effective in most material respects starting on January 1, 2023, the CPRA will significantly modify the CCPA, including by expanding consumers' rights with respect to certain sensitive personal information. The CPRA also creates a new state agency which will be vested with authority to implement and enforce the CCPA and the CPRA. As of February 1, 2021, a number of states (including Arizona, Illinois, Iowa, Maryland, Minnesota, New Jersey, New York, South Carolina and Washington) were considering proposals for comprehensive data privacy laws. At the federal level, the United States Congress is also considering various proposals for data privacy and cybersecurity legislation.

Tailwind treats all of the nonpublic personal information it receives with respect to each Fund investor as confidential. Tailwind restricts access to such information to those Tailwind personnel, affiliates, agents and service providers who need to know the information in order for Tailwind to determine whether each investor meets the regulatory requirements for an investment in a Fund and to provide ongoing management services to a Fund. Tailwind maintains physical, electronic and procedural safeguards to guard each investor's nonpublic personal information. See “Cybersecurity Threats” above.

### ***Service Providers***

Certain advisors and other service providers, or their affiliates (including accountants, administrators, lenders, bankers, brokers, attorneys, consultants and investment or commercial banking firms), to the Funds could also provide goods or services to, or have business, personal, financial or other relationships with, Tailwind and its affiliates. Such advisors and service providers could be investors in a Fund, affiliates of Tailwind, sources of investment opportunities or co-investors or commercial counterparties. Additionally, certain employees of Tailwind could have family members or relatives employed by such advisors and service providers. These relationships could influence Tailwind in deciding whether to select or recommend such a service provider to perform services for a Fund or Tailwind. Notwithstanding the foregoing, transactions relating to a Fund, Tailwind or its affiliates that require the use of a service provider will generally be allocated to service providers on the basis of best execution, the evaluation of which will take into account various considerations. In certain circumstances, advisors and service providers, or their affiliates, could charge different rates or have different arrangements for services provided to Tailwind or their affiliates as compared to services provided to a Fund, which in certain circumstances could result in more favorable rates or arrangements than those payable by a Fund.

### **Item 9 Disciplinary Information**

Tailwind and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the company or its personnel. In connection with litigation filed against portfolio companies, certain Tailwind investment professionals could be named as co-defendants in their capacity as directors of such portfolio companies.

### **Item 10 Other Financial Industry Activities and Affiliations**

Tailwind is affiliated with the Related Advisors, which serve as the general partner to their respective Funds and rely upon Tailwind's registration with the SEC.

Tailwind or a Related Advisor will be responsible for all decisions regarding portfolio transactions of the Funds and has full discretion over the management of the Funds' investment activities. All of the Related Advisors' investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the Related Advisors are subject to the supervision and control of Tailwind. Thus, the Related Advisors, all of their employees and the persons acting on their behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act against the Related Advisors. Operating Executives and senior advisors are generally not subject to the supervision and control of Tailwind and are not considered "persons associated with" Tailwind.

Employees of Tailwind and Operating Executives and senior advisors will, at times, serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of a Fund invested in such portfolio company, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individuals' duties as an employee of Tailwind, an Operating Executive, or senior advisor and such individuals' duties as a director or officer of such portfolio company.

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

Tailwind has adopted a code of ethics pursuant to Rule 204A-1 under the Advisers Act that is predicated on the principle that Tailwind owes a fiduciary duty to the Funds. Accordingly, employees of Tailwind must disclose or avoid activities, interests and relationships that run contrary (or appear to run contrary) to the best interest of the Funds. Tailwind will provide a copy of Tailwind's code of ethics to clients, prospective clients, investors and prospective investors upon request.

Tailwind's employees and certain Operating Executives and senior advisors that are deemed to be Access Persons, as defined by Rule 204A-1, must have written pre-clearance for all transactions involving initial public offerings, private placements and certain publicly traded securities before completing the transactions. Tailwind may disapprove any proposed transaction, particularly if the transaction appears to pose a conflict of interest or otherwise appears improper. Tailwind also endeavors to maintain current and accurate records of all personal securities accounts of its Access Persons in an effort to monitor all such activity.

Tailwind, its employees or a related entity will have an investment in each Fund. For example, the general partner for each Fund is owned in whole or in part by Tailwind's partners. In addition, Tailwind and its general partners will participate in the Funds' investment programs by agreeing to commit a certain percentage of the Funds' total capital commitments or a certain amount as defined in the Funds' governing documents. Therefore, Tailwind, its employees or a related entity will indirectly participate in transactions effected for the Funds.

## **Item 12 Brokerage Practices**

Tailwind focuses on making investments in private securities, thus it does not ordinarily pay commissions to broker-dealers in connection with such investments. To the limited extent that Tailwind transacts in public securities, it intends to select brokers based upon the broker's ability to provide best execution for the Funds. Tailwind is generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of their investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

In making its decisions regarding the allocation of brokerage transactions for the Funds, Tailwind will consider a variety of factors including but not limited to: (i) the ability to effect prompt and reliable executions at favorable prices; (ii) the operational efficiency with which transactions are effected (such as prompt and accurate confirmation and delivery), taking into account the size of order and difficulty of execution; (iii) the financial strength, integrity and stability of the broker-dealer or counterparty; and (iv) the competitiveness of commission rates in comparison with other broker-dealers. Although Tailwind will generally seek competitive commission rates and commission equivalents, it will not necessarily pay the lowest commission or equivalent. Transactions could involve specialized services on the part of a broker-dealer, which could justify

higher commissions and equivalents than would be the case for more routine services.

Tailwind does not participate in any soft dollar arrangements outside of receiving research available to other institutional investors. Research services received from brokers and dealers are supplemental to Tailwind's own research effort. Outside of routinely available research, Tailwind's policy is to bear the cost of research it receives and does not direct trading activity in lieu of payments for research or other services.

### **Item 13 Review of Accounts**

Tailwind focuses on making private equity investments in companies in the middle-market. All investments are carefully reviewed and approved by the investment committee. Investment committee approval also requires the approval of Lawrence Sorrel, Tailwind's CEO. The portfolio companies are reviewed on a regular basis and Tailwind's investment professionals meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current portfolio holdings and potential investment opportunities.

Tailwind provides Fund investors with quarterly written reports and capital account statements, capital call/distribution notices, periodic press releases and annual tax information necessary to complete any applicable tax returns. Fund investors also receive annual audited financial statements. In addition, Tailwind holds annual meetings with the investors of the Funds as well as with the relevant Fund investor advisory committees (which may be conducted via video conference).

Tailwind will, at its discretion, agree to provide certain Fund investors with more frequent meetings, updates or certain other reports than those described above due to legal, regulatory or internal policy constraints faced by such Fund investors or as a result of the specific needs of such Fund investors. Expenses incurred in connection with such meetings or reports are expected to be borne by the Fund.

### **Item 14 Client Referrals and Other Compensation**

During a fundraising cycle, Tailwind may compensate placement agents who introduce new investors that commit capital to a Fund. Any fees and expense reimbursements payable to any such placement agents are generally borne by Tailwind through an offset against management fees payable by the relevant Fund. Such fees and expense reimbursements may be paid over a several year period that extends beyond the end of the fundraising cycle.

Please see the discussion regarding Other Fees in "Fees and Compensation" above.

### **Item 15 Custody**

Cash, cash equivalents and, generally, certificated securities of clients are held in custody by unaffiliated broker/dealers or banks; however, Tailwind has access to client accounts since an affiliate serves as the general partner of each Fund. Fund investors will not receive statements from the custodian. Instead the Funds are subject to an annual audit and the audited financial statements are distributed to each investor. The audited financial statements will be prepared in accordance with U.S. generally accepted accounting principles and distributed within 120 days of each Fund's fiscal year end.



## **Item 16 Investment Discretion**

The general partner of each Fund has discretionary authority to determine, without obtaining specific consent from the Fund or its investors, the securities and amount to be bought or sold. Any limitations on authority are included in the Fund's confidential private placement memorandum and other governing documents, including Side Letters with particular Fund investors.

Where appropriate, Tailwind intends to provide co-investment opportunities to the Co-Investment Funds, certain Fund investors and other third-party investors. These co-investment opportunities could be offered to the Co-Investment Funds or as interests in other limited partnerships or other similar entities formed for each investment. Tailwind will allocate the available investments among the Funds, such co-investment entity and any third parties, including strategic investors, lenders, Operating Executives and senior advisors of Tailwind, Fund investors and/or other investors, as it may in its sole discretion determine. In addition, the governing documents of the Tailwind III Funds permit Tailwind to specify a percentage for purposes of additional co-investment for any calendar year by Tailwind Persons, the Fund's general partner or their respective affiliates. See "Methods of Analysis, Investment Strategies and Risk of Loss—Co-Investment Opportunities" above.

## **Item 17 Voting Client Securities**

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Tailwind has adopted and implemented written policies and procedures governing the voting of client securities.

Most of the portfolio companies in which the Funds invest are private companies which typically do not issue proxies. However, in the event proxies have to be voted, Tailwind has adopted proxy voting policies and procedures, and will be responsible for voting proxies on behalf of the Funds. Tailwind will vote client proxies in a way that it believes will maximize shareholder value. Tailwind's investment professionals are generally responsible for making voting decisions with respect to proxies received.

In exercising its voting discretion, Tailwind and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of Tailwind's Funds. Resolutions are reached after such conflicts are presented to the Chief Compliance Officer ("CCO") or Tailwind's CEO. In situations where the CCO or CEO perceives a material conflict of interest, the perceived conflict of interest could be reviewed with the respective Fund's investor advisory committee. The committee will reach a consensus and make a recommendation regarding the proxy vote. The CCO or Deputy Chief Compliance Officer will record the recommendation and vote the proxy according to the committee's recommendation.

Certain investment professionals of Tailwind serve as board members for the Funds' portfolio companies. In situations where Tailwind votes the proxy for a company in which an employee of Tailwind serves on the board of directors, Tailwind has determined that it does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Funds' investment and to ensure that the Funds' interests are protected.

A record of all proxy votes cast on behalf of the Funds will be maintained and available for review. Fund investors should contact the CCO for a copy of the proxy voting policy or information with respect to a specific proxy vote.

## **Item 18 Financial Information**

Tailwind has never filed for bankruptcy and is not aware of any financial condition that is expected to affect its ability to manage client accounts.