



# FORM ADV PART 2A BROCHURE

VISTA EQUITY PARTNERS MANAGEMENT, LLC



# VISTA EQUITY PARTNERS MANAGEMENT, LLC

Four Embarcadero Center, 20th Floor

San Francisco, CA 94111

Tel: (415) 765-6500

Fax: (415) 765-6666

[www.vistaequitypartners.com](http://www.vistaequitypartners.com)

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This brochure provides information about the qualifications and business practices of Vista Equity Partners Management, LLC. If you have any questions about the contents of this brochure, please contact us by phone at (415) 765-6500 and/or Gwen Reinke, Chief Compliance Officer, at [greinke@vistaequitypartners.com](mailto:greinke@vistaequitypartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission ("SEC") or by any state securities authority.

Vista Equity Partners Management, LLC is a registered investment adviser with the SEC. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about Vista Equity Partners Management, LLC is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).



## ITEM 2: MATERIAL CHANGES

This brochure, dated March 31, 2021, has been amended since its most recent filing and last amendment on December 8, 2020 to include revisions to:

- Item 5 to update information regarding fees and expenses;
- Item 8 to update the investment risks applicable to the various Funds; and
- Item 11 to update the disclosures regarding conflicts of interest.

In addition, Vista Equity Partners Management, LLC routinely makes updates throughout the brochure to improve and clarify the description of its business practices and its compliance policies and procedures.



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## ITEM 4: ADVISORY BUSINESS

Vista Equity Partners Management, LLC, a Delaware limited liability company, together (where the context permits) with its predecessors Vista Equity Partners III, LLC, and Vista Equity Partners, LLC, which was previously named Vista Capital Partners, LLC, Emerging Technologies Management, LLC, ETI Management, LLC, its affiliated advisers, Vista Credit Partners, L.P., which was previously named Vista Credit Opportunities Management, L.P., VFF Management, L.P., VEPF Management, L.P., VEEF Management, L.P., and the affiliated General Partners (defined below) and certain of their other affiliates (“Vista” or “Adviser”) provide advisory services to and/or receive Management Fees (defined below) from pooled investment vehicles or the Funds (defined below). These affiliates are formed for tax, regulatory, or other purposes in connection with the organization of the pooled investment vehicles or serve as general partners of the pooled investment vehicles (collectively, the “General Partners”). In addition, Vista receives compensation for management or other services performed in connection with co-investments made in portfolio companies of the Funds.

Vista was formed in 2000 and is principally owned by Robert F. Smith, who is also its Chairman and Chief Executive Officer. The former President of Vista, Brian Sheth, left the firm in November 2020 to pursue other opportunities. Vista’s Executive Committee focuses on the strategic direction and management of the firm. The Private Equity Management Committee governs the management of Vista’s private equity platform, while the Co-Heads of each private equity fund product manage the deal pipelines, fund personnel, and portfolio construction of their investment platform. Vista Credit Partners and Vista Public Strategies are each managed by their respective Heads, subject to oversight from the Executive Committee.

The primary focus of Vista’s investment advisory activity is identifying investment opportunities and participating in the acquisition, management, monitoring, and disposition of investments for pooled investment vehicles. Vista serves as the investment adviser or the general partner to the Funds in order to provide such services. Vista provides investment advisory services primarily related to investments in businesses that provide enterprise software (including operationally mature enterprise software businesses), data, and technology-enabled solutions (collectively, “enterprise software companies”) and in the global technology, media, and telecommunications (“TMT”) sectors. Vista’s pooled investment vehicles consist of private equity funds that primarily acquire controlling interests in emerging and lower middle-market to large cap enterprise software companies (the “Equity Funds”), a permanent capital private equity fund that primarily acquires controlling interests in middle-market to large cap mature enterprise software companies (the “Perennial Fund”), credit funds that originate and invest primarily in privately negotiated debt securities in enterprise software companies (the “Credit Funds”), and a long/short equity hedge fund that pursues a fundamentals driven, research intensive strategy that focuses on the global TMT sectors (the “Hedge Fund”) (together with the Equity Funds, the Perennial Fund, and the Credit Funds, collectively the “Funds”). The Funds are not registered under the Investment



Company Act of 1940, as amended (“1940 Act”), and their securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). A list of the Funds may be found in the Form ADV Part 1A.

Investments on behalf of the Funds include (or may include in the future) leveraged acquisitions and recapitalizations of private equity investments, including private equity investments with long-term holding periods (in “portfolio companies”); unlevered buyouts and minority equity investments in growth companies; equity and equity-related securities that are traded publicly in U.S. and non-U.S. markets; first and second lien debt investments in enterprise software companies; and, among other things, mezzanine/private placements, special situation and credit investments; structured products; other credit-based securities and claims; short sales; preferred stocks; convertible securities; warrants; rights; bonds and other fixed income securities; options; swaps and other derivative instruments; commodity interests; futures; options on futures; exchange traded funds; currency hedging transactions; non-U.S. currencies; money market instruments; cash and cash equivalents; and securities lending arrangements. In addition, certain Equity Funds have invested in the Hedge Fund.

Vista provides investment supervisory services to each Fund in accordance with a limited partnership agreement (or analogous document) of such Fund or separate investment management agreement (each, an “Advisory Agreement”). Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors (“Investors” or “Limited Partners”) in the Funds. In each case, Fund investments are consistent with the investment objectives and strategies, as defined by the applicable private placement memoranda, Advisory Agreements, limited partnership agreements, side letter agreements negotiated with Investors in an applicable Fund, and/or other governing documents (together, “Governing Documents”).

On behalf of the Equity Funds, Vista primarily invests in opportunities in which Vista believes it can drive operational change. Vista seeks to accomplish that through its strategy to become significantly involved with the management and operations of its portfolio companies by applying its proprietary set of Vista Best Practices, as implemented by Vista Consulting Group (including One Vista) (“VCG”), a Vista affiliate. The Vista Best Practices are operational best practices specific to the types of enterprise software businesses in which Vista invests.

On behalf of the Perennial Fund, Vista primarily invests in portfolio companies that Vista believes are operationally mature and have already implemented operational best practices. As a result, VCG will generally assist the Perennial Fund with platform consolidation and integrated product development.

Vista tailors its services to the specific investment objectives and restrictions of each Fund pursuant to the applicable investment guidelines and restrictions, and subject to specific terms and conditions set forth in the Fund’s Governing Documents. Investors should refer to the Governing



Documents of the applicable Fund for complete information on the investment objectives, restrictions, and guidelines of the particular Fund and the services Vista provides to the Fund.

In addition to providing investment advisory services to the Funds, Vista sponsors various co-investment programs pursuant to which Investors may co-invest in investments alongside certain Funds or other vehicles or through one or more co-investment vehicles referred to as the Vista “Co-Investment Strategies.” The Co-Investment Strategies consist of the “Co-Investment Commitment Program” and the “Co-Invest Separately Managed Account Program.” The Co-Investment Commitment Program is a formal program sponsored by Vista that Investors enter in order to co-invest alongside one or more of the Funds through co-investment vehicles that are established on an investment-by-investment basis. Depending on the various Funds’ investment objectives and capital needs and other co-investment activity, Vista may expand or reduce the size and scope of the Co-Investment Commitment Program, including by not accepting or calling additional investments or commitments into the Co-Investment Commitment Program. The Co-Invest Separately Managed Account Program is a program through which Vista establishes co-investment vehicles for individual Investors to co-invest alongside the Funds. Vista retains varying degrees of discretion over the management of, and deployment of capital from, such co-investment vehicles, and forms such co-investment vehicles with certain investors on a case-by-case basis. Vista retains broad discretion to vary the terms of the Co-Investment Strategies and other co-investment arrangements from time to time in accordance with the applicable contractual restrictions.

Additionally, from time to time and as permitted by the relevant Governing Documents, Vista also expects to provide (or agrees to provide) certain other investors or other third parties, including other sponsors, market participants, finders, consultants, other service providers, and strategic investors, the opportunity to invest directly as a co-sponsor or co-underwriter or to participate in co-investment vehicles that will invest in certain portfolio companies alongside one or more Funds. Additionally, Vista has in the past and expects to, from time to time, in the future establish certain investment vehicles through which certain employees of Vista or its affiliates, certain business associates, other “friends of the firm,” or other persons (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments, or related programs, family investment vehicles, and other estate planning vehicles) (collectively, “Vista Investors”) will invest alongside one or more Funds in one or more investment opportunities. Vista Investors will not typically pay Management Fees or Carried Interest in connection with their investment in a Fund. Any such co-investment vehicle may, in certain instances, be contractually required to purchase and sell certain investment opportunities at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity as set forth in such Fund’s Governing Documents. However, from time to time, for strategic and other reasons, a co-investment vehicle will purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund



Limited Partner capital contributions and/or use of a Fund credit facility and/or use of bridge financing. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to minimize any changes in the valuation of the investment, and the co-investor or co-invest vehicle has been, and may in the future (but is not always required to) be, charged interest on the purchase to compensate the relevant Fund for the holding period, and may be required to reimburse the relevant Fund for related costs.

As of December 31, 2020, Vista manages approximately \$75,534,568,544 of assets on a discretionary basis and \$923,511,979 of assets on a non-discretionary basis. Regulatory assets under management as noted herein include committed capital for the Funds.

## ITEM 5: FEES AND COMPENSATION

Vista, or an affiliated General Partner, generally receives Management Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies, also makes other payments to Vista or its affiliates for services provided to the portfolio companies, which, in certain circumstances, will reduce the Management Fees payable to Vista. Additionally, consistent with the Governing Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by Vista in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

### **Management Fees**

As compensation for investment advisory services rendered to the Funds, the Adviser, or an affiliated General Partner, receives a management fee, or in the case of the Perennial Fund, a Portfolio Assembly and Monitoring Fee (as described below) (each, referred to herein as a "Management Fee"). Management Fees may be reduced during the life of the Fund at the General Partner's discretion. Except as otherwise agreed, the General Partner and Limited Partners who are affiliates, employees, or other designees of Vista will not be subject to the Management Fee or other performance-based fees. Alternatively, Vista allows eligible employees to participate in vehicles that invest alongside the Funds and which do not charge Management Fees or performance-based fees or allocations ("Employee Vehicles"). Management Fees paid by a Fund are indirectly borne by Investors in such Fund, but such Management Fees are added to the cost of investment prior to any performance-based fees (as discussed below in Item 6) taken by the Adviser.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund is set forth in the Governing Documents. The Management Fees and other fees are generally subject to waiver or reduction by Vista in its sole discretion, both voluntarily and on a negotiated basis with selected Investors. The fee structures described herein may be modified from time to





time in accordance with the Governing Documents. Fees may differ from one Fund to another, as well as among Investors in the same Fund. In addition, Vista reserves the right to enter into economic arrangements with respect to one or more Funds and/or certain Limited Partners thereof, the rights of which will not generally be made available to, or necessarily disclosed to, other Limited Partners.

In addition, the Adviser may waive or reduce all or a portion of the Management Fee paid by a Fund in full or partial satisfaction of any obligation of the General Partner and certain employees of Vista or its affiliates, certain business associates, other “friends of the firm,” or other persons to invest in and alongside such Fund. Any such waived or reduced portion of the Management Fee may be treated as a deemed capital contribution by the General Partner and its affiliates in respect of the General Partner’s commitment after the date such waived amount would otherwise be due and reduces the amount of capital the Fund’s General Partner would otherwise be required to contribute to such Fund as part of its commitment. The Fund’s Investors other than the General Partner are required to make a pro rata contribution according to their respective capital commitments to the Fund. Any contribution that would otherwise be required of the Fund’s General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver results in an acceleration of Investor capital contributions. Waived or reduced Management Fees generally are not subject to any reduction of the Management Fee described below. Due to waived or reduced Management Fees by a Fund’s General Partner and/or timing of receipt of compensation subject to Management Fee offsets (as described below), it is possible that such offsets will not be fully realized by Investors in such Fund until liquidation of the Fund and the refunding of any unapplied offset (as described below), and will result in a benefit to the General Partner until such liquidation.

Where the Governing Documents calculate Management Fees based on the amount of commitments or the amount of investment contributions, the amount of Management Fees generally will not be reduced based on reductions in investment value, except where specified by the relevant Governing Documents. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

### ***Equity Funds***

As compensation for advisory services rendered to the Equity Funds, Vista (or one of its affiliates) receives an annual Management Fee equal to a percentage of an Investor’s committed capital during the commitment period and thereafter on invested capital. The Equity Funds will pay Vista, an affiliate, or the General Partner, an annual Management Fee, payable semi-annually, in advance, fifteen days after the beginning of the period. Installments of the Management Fee payable for any period other than a full six-month period shall be adjusted on a prorated basis according to the actual number of days in such period. Currently, the maximum Management Fee payable is equal to 2% annually of aggregate commitments. After the expiration of the Investment Period (as defined by the Governing Documents), the Management Fee will be equal up to 2%



per annum of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written down.

The Management Fee will commence as of the initial closing date based on aggregate commitments (as defined by the Governing Documents), regardless of when a Limited Partner is actually admitted. Limited Partners participating in a subsequent closing after the initial closing date will be assessed Management Fees retroactive to the initial closing date. The Management Fee will be paid out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Upon termination of an Advisory Agreement, Management Fees that have been prepaid are generally returned on a prorated basis or as otherwise set forth in the Governing Documents.

### ***Perennial Fund***

As compensation for advisory services rendered to the Perennial Fund, Vista (or one of its affiliates) receives an annual portfolio assembly fee during the assembly period (as defined by the Governing Documents) and an annual monitoring fee after such assembly period ("Portfolio Assembly and Monitoring Fee"), each equal to a percentage of investment contributions. The Perennial Fund will pay Vista, an affiliate, or the General Partner, an annual Portfolio Assembly and Monitoring Fee, payable semi-annually, in advance. Installments of such fee payable for any period other than a full six-month period shall be adjusted on a prorated basis according to the actual number of days in such period. Currently, the Portfolio Assembly and Monitoring Fee is equal to 1% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written down during the assembly period, and 0.5% annually thereafter until the sixteenth anniversary of the commencement of the Portfolio Assembly and Monitoring Fee. The General Partner has elected, and may in the future elect, to defer and accrue such fee until such time as the General Partner determines in its sole discretion to (i) require the portfolio companies to pay their share of the accrued fee (as determined by the General Partner) and/or (ii) pay such accrued fee from amounts otherwise distributable.

The Portfolio Assembly and Monitoring Fee for the Perennial Fund commenced as of the date Vista commenced investment activities of the Fund, regardless of when a Limited Partner is actually admitted. Limited Partners participating in a subsequent closing after the initial closing date and prior to the expiration of the initial offering period will be assessed such fees retroactive to the effective date (as defined by the Governing Documents) and, in addition, will be charged an amount equal to the product of (i) 8% per annum multiplied by (ii) the amount of such assessed Portfolio Assembly and Monitoring Fees, calculated from the date such fee payments would have been due if such Limited Partner were admitted for its full commitment on the effective date. The Portfolio Assembly and Monitoring Fee is permitted to be paid by one or more portfolio companies



and/or out of current income and disposition proceeds of the Fund and, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments.

Upon termination of an Advisory Agreement, the Portfolio Assembly and Monitoring Fees that have been prepaid are generally returned on a prorated basis or as otherwise set forth in the Governing Documents.

### ***Credit Funds***

Vista, an affiliate, or a General Partner, earns an annual Management Fee, payable quarterly in advance, up to 1.5% of total aggregate face value of all investments (including leverage) of the Credit Funds on an annualized basis as determined on the first day of the period with respect to which determination is being made.

Upon termination of an Advisory Agreement, Management Fees that have been prepaid are generally returned on a prorated basis or as otherwise set forth in the Governing Documents.

### ***Hedge Fund***

Vista, its affiliates, or a General Partner, will generally receive a quarterly Management Fee paid in advance, as of the first business day of each calendar quarter, up to 1.5% on an annualized basis from the Hedge Fund, although certain investors pay a higher amount as agreed with Vista. The Management Fee is paid by each Investor based on the balance of each Investor's capital account at the beginning of the quarter. The Management Fee will be prorated for partial periods. Upon termination of an Advisory Agreement, Management Fees that have been prepaid are generally returned on a prorated basis or as otherwise set forth in the Governing Documents.

The Hedge Fund's Management Fee and Incentive Allocations will be waived for any Equity Fund that invests in the Hedge Fund.

For all Funds, Vista debits Management Fees directly from a Fund's custodial account and Investors are not invoiced for Vista's services.

### ***Adviser Expenses***

To the extent provided in the Governing Documents of the Funds, and except as described below as a Fund Expense, Vista will bear all ordinary overhead and administrative expenses incurred by a General Partner, the ultimate general partner, or Vista in connection with maintaining and operating their respective offices, including rent and equipment expenses, salaries, compensation and expenses of certain of its partners, officers, and employees (other than Carried Interest and incentive allocation described in Item 6 below), and certain fees and expenses paid to members of an Equity Fund's Advisory Committee (defined below), as described in the Governing Documents of such Fund.



## **Fund Expenses**

The Funds will pay costs and expenses designated in the Governing Documents as expenses to be borne by the relevant Fund. Expenses borne by a Fund (and as a result, the Investors) can be substantial and will reduce returns to Limited Partners. Please refer to each Fund's Governing Documents for a more complete description of the expenses permitted to be borne by the Fund.

From time to time, a Fund will pay an expense or obligation common to multiple Funds (e.g., legal expenses for a transaction in which multiple Funds participate) and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for use of the facility.

### ***Equity, Perennial, and Credit Funds' Fund Expenses***

Limited Partners in an Equity, Perennial, or Credit Fund indirectly bear expenses associated with the Fund based on the Investor's pro rata commitment to the Fund and as further set forth in the applicable Governing Documents of the Funds. In addition to the Management Fee and subject to the provisions set forth under the heading "Management Fees" above, the Funds will pay all other costs and expenses of the applicable Fund that are not reimbursed by portfolio companies (which reimbursements may be for travel and travel-related expenses, lodging, premium meals, social and entertainment events (with portfolio company management, customers, clients, borrowers, brokers and service providers), and any other out-of-pocket expenses incurred in connection with the sourcing, investigation, developing, researching, making, monitoring and/or disposing of portfolio company investments, including follow-on investments and refinancings, co-investments, and, where applicable, including expenses that would have been allocable to co-investment vehicles or other co-investors, expenses incurred in connection with the disposition of investments (including closing, execution, and other transaction costs), expenses and fees generated in the course of organizing, maintaining, administering, restructuring, operating, and negotiating joint venture arrangements), including all fees, costs, expenses, liabilities, and obligations attributable to investigating, acquiring, holding (including expenses of portfolio tracking facilities), structuring (including the fees, costs, and expenses related to the organization or maintenance of any intermediary entity used to acquire, hold, or dispose of an investment or to otherwise facilitate a Fund's investment activities), organizing, financing, refinancing, restructuring, managing, operating, taking public or private, valuing, winding up, liquidating, dissolving, and disposing of the Fund's investments (including interest and fees on money borrowed by the Fund or Vista, its affiliated advisers, the ultimate general partner, or General Partner on behalf of the Fund, organizational expenses of the General Partner, expenses incurred in connection with credit facilities, registration fees and expenses and related expenses, real estate title, survey, brokerage, finders', custodial, and other fees; legal, accounting, auditing (excluding, as applicable, any fees, taxes, or penalties resulting from a final formal deficiency issued by the Internal Revenue Service following an audit relating to the mechanism provided which permits a General Partner to waive a



portion of the Management Fee as outlined in the applicable Governing Documents of the Funds), asset and financial administration, custodian, depositary (including costs and expenses related to appointments or changes of any depositary appointed pursuant to the Alternative Investment Fund Managers Directive (“AIFMD”)), costs and expenses related to appointments or changes of any representative or paying agent (pursuant to the Swiss Collective Investment Schemes Act), insurance (including directors and officers, errors and omissions and representation and warranty liability insurance, and all premiums and charges in connection with the maintenance thereof), fees of affiliated consultants, travel and travel-related expenses, litigation, arbitration, and indemnification costs and expenses, judgments and settlements, consulting, brokerage, finders’, financing, appraisal (including, without limitation, the costs of any third-party valuation agents or pricing services), filing, printing, title, transfer, registration, and other fees and expenses (including fees, costs, and expenses associated with the preparation or distribution of the Fund’s financial statements, tax returns, tax estimates, and Schedule K-1s or any other administrative, regulatory, or other Fund-related reporting, or filing (including any filings, notifications, reports or other regulatory requirements contemplated by or arising under the AIFMD (other than expenses and costs of the initial notifications, filings and compliance which fall within Organizational Expenses under the Governing Documents) or any other similar law, rule or regulation (including any implementing law, rule or regulation relating thereto)), any regulatory filings as they relate to a Fund’s activities, out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of a Fund or Vista or an affiliate that are attributable to the operation of such Fund or requested by one or more Limited Partners and the Fund’s, General Partner’s and the ultimate general partner’s registered office fees and filing in the Cayman Islands); fees, costs, and expenses of the Advisory Committee (as defined below) (including set-up costs, speaker fees, honorarium, dining, entertainment, travel, and travel-related expenses) as well as other Advisory Committee expenses (including legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the Advisory Committee and other expenses incurred in connection with Advisory Committee action; fees paid to third-party valuation agents for valuations, appraisals, or pricing services; administration expenses (including maintaining the books and records of a Fund, including any related internal costs that Vista may incur to produce any such books and records or external costs for a third-party administrator to maintain and oversee a Fund’s books and records); research expenses (including an allocable portion of any research or other service that may be deemed to be bundled for the benefit of such Fund), as well as the information technology systems used to obtain such research and other information, including data and information service subscriptions, related systems and services from data providers and data management software; third-party diligence software and service providers; subject and industry-matter research and experts; information technology system expenses (including the costs of sourcing, developing, implementing and maintaining computer software and hardware and other technological systems for the benefit of a Fund, the Investors, or a portfolio investment or potential investment, which includes specialty and custom software); all fees, costs, expenses, liabilities, and obligations incurred by the Fund, the General Partner, any other Vista person relating to investment and disposition opportunities



for the Fund that were proposed or not consummated (including certain advisory, transaction, legal, accounting, auditing, insurance, travel, and travel-related, consulting, brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination, consulting, and other similar fees paid by Vista or Vista's affiliates); all out-of-pocket fees and expenses incurred by the Fund, the General Partner or any other Vista person in connection with the annual and other periodic (if any) meetings of the Limited Partners and any other conference or meeting with any Limited Partner(s) (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses); any taxes, fees, and other governmental charges levied against the Fund; Placement Fees (as defined in the applicable Governing Documents); fees, costs, and expenses charged or specifically attributed to or allocated by the General Partner, Vista or their respective affiliates to provide in-house legal services to the Fund and/or portfolio companies, and expenses, charges and/or related costs incurred by the Fund, the General Partner, Vista, or their respective affiliates in connection with the provision of such in-house legal services, including, without limitation, compensation and other overhead allocable to such in-house legal services (based on such metric as the General Partner or its affiliates determine in good faith (which metric may change over time)); fees, costs, and expenses that are classified as extraordinary expenses under GAAP; the costs associated with any amendments, modifications, revisions, or restatements to the Governing Documents of a Fund; all fees, costs and expenses incurred in connection with the organization, management, operation, dissolution, liquidation and final winding-up of any alternative investment vehicles; and excluding, for the avoidance of doubt, the fees and expenses related to the preparation and filing of Form PF, Form ADV, and any other registration or filing obligations not directly related to the Fund), and all costs and expenses associated with operating any applicable feeder vehicle to the extent not borne by such feeder vehicle, including all expenses associated with its management, operations, winding-up, liquidating, and dissolution and with preparing and distributing such feeder vehicle's financial statements, tax returns, and limited partner reports, including expenses related to preparing, printing, and distributing investor reports physically or electronically (including software used to distribute such reports), but not including any excess income-based or similar taxes, fees or other governmental charges levied against such feeder vehicle; and any organizational expenses; expenses incurred in connection with complying with the provision of investor side letter agreements (including "most favored nation" provisions) and any associated software or technology to assist in the compliance therewith; and all expenses and costs attributable to amendments to, and waivers, consents or approvals pursuant to, the Governing Documents of the Fund, the General Partner and related entities and any alternative investment or feeder vehicle of the Fund, including the preparation, distribution and implementation thereof).

Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities, and obligations of legal counsel, consultants, and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or Other Fees (as defined below)) are expected to be charged to portfolio



companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. Each Fund also generally will bear the costs of implementing, monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in side letters relating thereto, and (where applicable) environmental, social, governance and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests.

As used throughout this Brochure, "travel and travel-related" expenses shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including private or chartered, first class, or business class travel, and premium car service), lodging, and accommodations.

### ***Hedge Fund Expenses***

The Hedge Fund will bear all costs, expenses, liabilities, and obligations relating to its activities, investments, and business, including: (i) all costs, expenses, liabilities, and obligations that Vista reasonably determines to be related to the investment of the Hedge Fund assets, including, without limitation, all fees and expenses incurred in connection with credit facilities (including commitment fees incurred in connection with such facilities and accounting, and legal fees and expenses incurred in connection with negotiating such facilities); margin and other interest expenses and transaction fees; brokerage commissions; expenses relating to short sales; clearing and settlement charges; costs of swaps or derivative instruments; hedging costs; bank service fees and interest expense; appraisal (including, without limitation, the costs of any third-party valuation agents or pricing services) fees and expenses; fees and expenses relating to research (including an allocable portion of any research or other service that may be deemed to be bundled for the benefit of such Fund), as well as the information technology systems used to obtain such research and other information; fees and similar expenses relating to market and industry research and data subscription services; the costs of investigating, sourcing, evaluating, developing and researching actual or potential investments, including without limitation third-party fees (including the Hedge Fund's share of due diligence, and other costs related to the acquisition, holding, or disposition, bankruptcy, or restructuring of investments (in each case, whether or not the related transaction is consummated)) and including, in the case of any investments designated as "special investments," travel and travel-related expenses; (ii) legal, accounting, auditing, insurance (including directors and officers, errors and omissions, and representation and warranty liability insurance, and all premiums and charges in connection with the maintenance thereof), custodial, expert network, other consulting, financing, filing, and other fees and expenses (including expenses associated with the preparation or distribution of the Hedge Fund financial statements, tax returns, and any related reporting to Limited Partners or any other administrative





or other Hedge Fund-related reporting or filing, as well as the costs of printing and mailing, or transmitting or otherwise making available electronically, reports and notices, including software to distribute such reports); (iii) all out-of-pocket fees and expenses incurred by the Hedge Fund, Vista, the relevant General Partners, or any of their affiliates in connection with any meetings of the Limited Partners (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses); (iv) any taxes, fees, or other governmental charges levied against the Hedge Fund not otherwise allocated to any partner and all expenses incurred in connection with any tax audit, investigation settlement, or review of the Hedge Fund (except to the extent that the Hedge Fund is reimbursed therefor by a partner or such tax, fee, or charge is treated as having been distributed to the partners pursuant to the applicable provision in the Governing Documents); (v) costs and expenses that are classified as extraordinary expenses under GAAP; (vi) any regulatory related fees, costs, or expenses related to the Hedge Fund including regulatory filings as they relate to the Hedge Fund's activities, out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of the Hedge Fund or Vista or an affiliate that are attributable to the operation of such Hedge Fund or requested by one or more Hedge Fund Limited Partners (excluding, for the avoidance of doubt, any fees and expenses related to the preparation and filing of any Form PF, Form ADV, and any other registration or filing obligations not directly related to the Hedge Fund); (vii) the fees and expenses of asset and financial administration; (viii) all expenses and costs associated with any amendments, modifications, revisions or restatements to, and waivers, consents, or approvals pursuant to, the Governing Documents of the Hedge Fund; (ix) expenses relating to the ongoing offer and sale of the Hedge Fund interests (including legal, printing, mailing, and the organizational expenses of the General Partner); (x) expenses incurred in connection with complying with the provision of investor side letter agreements (including "most favored nation" provisions) and any associated software or technology to assist in the compliance therewith; and (xi) other similar expenses related to the Hedge Fund. Investments by the Hedge Fund Limited Partners will also be subject to the Management Fee, as described above.

### ***Co-Investment Vehicle Fees and Expenses***

Under the Vista Co-Investment Strategies, Vista permits certain Investors to co-invest in portfolio companies alongside one or more Funds, or through one or more co-investment vehicles, subject to Vista's related policies and practices and the relevant Governing Documents and/or side letters. If a proposed transaction is not consummated and no co-investment vehicle is formed, or a co-investor is not admitted to a vehicle that is formed, the full amount of expenses relating to such proposed but unconsummated transaction would be borne by the Fund or Funds selected by Vista as proposed Investors for such proposed transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments, and other expenses). If a co-investment vehicle is formed, a co-investor has been admitted to the vehicle and such vehicle is fully permitted to participate in such transaction, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds,



although, from time to time, the Fund alongside which a co-investment vehicle is investing generally will bear such costs directly or indirectly. To the extent co-investment vehicles or similar entities are formed in connection with a proposed transaction that is not consummated, expenses relating to such co-investment vehicles or similar entities generally will be borne by other Funds. Similarly, co-investment vehicles are not required to be allocated any share of break-up fees paid in connection with such an unconsummated transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such planned transaction, and such vehicle is fully permitted to participate in such transaction, such vehicle generally will bear its share of such broken deal expenses. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

Costs associated with proposed but unconsummated transactions are expected to include, without limitation, legal, accounting, advisory, consulting or other third-party expenses (including amounts payable to third parties), any travel and travel-related expenses, all fees, costs, and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

The Management Fees, Carried Interest, as well as other fees and expenses borne by Investors in Vista's Co-Investment Strategies are described in the Governing Documents of the relevant vehicles.

### ***Special Purpose Vehicle Expenses***

From time to time, the General Partner of a Fund creates certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal, and regulatory considerations of Investors ("SPVs"). In the event the General Partner creates an SPV, consistent with the Governing Documents of the applicable Fund expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will typically be borne by the SPV, and indirectly the investors thereof. In addition, expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain Investors in the Fund (including, without limitation, expenses of accounting and tax services) will typically be borne by the Fund and indirectly, the investors thereof (even if such investors do not participate in any such feeder fund or similar vehicle), including all expenses associated with its management, operation, winding-up, liquidating and dissolution.



## Equity and Perennial Fund Portfolio Company Fees and Expenses

### *Other Fees*

Vista and its affiliates and personnel (on behalf of Vista) have received or expect to receive in the future a variety of cash, equity and other non-cash fees relating to the investment activities of a Fund, its portfolio companies and prospective portfolio companies, including break-up fees, closing fees, director's fees, or other similar fees from portfolio companies (collectively, "Portfolio Company Fees"). The amount and timing of Portfolio Company Fees received by Vista or its affiliates are generally specified in the documentation governing the applicable transaction.

With respect to the Equity Funds, Vista and its affiliates have and may in the future receive "monitoring fees" pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by Vista to such portfolio companies ("Equity Funds Monitoring Fees"). The terms of a monitoring agreement may include (among other things) annual automatic renewals. Equity Funds Monitoring Fees may be fixed fees or calculated as a percentage of EBIDTA or similar performance metric. The Equity Funds Monitoring Fees together with the Portfolio Company Fees, the "Other Fees".

Generally, under the terms of the applicable Governing Documents, Other Fees are in addition to out-of-pocket costs and expenses incurred by Vista in connection with any consummated or unconsummated transaction or in connection with generating any such fees. Other Fees are substantial and may be paid in cash, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto), or otherwise. Although Other Fees are in addition to the Management Fees, Vista will in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of such Other Fees to the extent of such Fund's proportional interest in the portfolio company paying such Other Fees in accordance with the Advisory Agreement and/or Governing Documents of the applicable Fund. As some Funds may not pay Management Fees, any such reduction will not benefit such Funds and Vista will retain such amounts not offset. Vista and/or its affiliates generally have discretion over whether to charge such fees including the timing and/or amount thereof. From time to time, Vista will, in its discretion, disclose to the relevant Advisory Committee (as defined below) the amount of Other Fees, VCG Fees (as defined below), and other compensation paid to VCG employees by portfolio companies.

In many cases, there is not an independent third party involved on behalf of the relevant portfolio company negotiating fees charged by Vista, its affiliates, and VCG and therefore the fees are not subject to a market check. A conflict of interest may exist in the determination of any such fees with the portfolio company by virtue of Vista acting on behalf of both parties; see discussion of conflicts of interest in Item 11.



Further, VCG, an affiliate of Vista receives fees from portfolio companies or Funds related to consulting, management, due diligence, and other services (“VCG Fees”). In general, VCG’s services are being provided to implement and install the Vista Best Practices and/or to provide specific shared business services at particular portfolio companies of the Funds. VCG operates at or near break-even, as assessed on an annual basis by Vista. VCG Fees may be structured in various ways including as an annual fee, retainer, consulting fee (e.g., time and materials), subscription fee, success fee, or on a project-basis. The VCG Fees are generally paid in exchange for services that the portfolio companies, prospective portfolio companies, or Funds would otherwise need to engage third-party providers to perform. Unlike the Other Fees described above, each of which are shared with the Funds and their Investors through reductions or offsets against Management Fees, VCG Fees are retained by VCG and are in addition to the Management Fee paid by the Funds to Vista, and, subject to certain limitations in the Funds’ Governing Documents, fees received by VCG are generally not subject to a Management Fee offset. Notwithstanding the foregoing, the Governing Documents of certain Funds provide for the maximum amount of VCG Fees eligible to be charged to a portfolio company per year, the excess of which needs to be applied as a Management Fee offset.

From time to time, Vista will (in its sole discretion) agree to pay a portion of an Other Fee received from an actual or prospective portfolio company to a third party (“Third-Party Fee”), such as a consultant, advisor, finder, broker, and/or investment bank. In such event, the Third-Party Fee is not a fee that Vista is entitled to retain and therefore, Vista is not required under the terms of the applicable Governing Documents to share such Third-Party Fee with the Funds.

### ***Portfolio Company Expense Reimbursement***

Portfolio companies reimburse Vista for expenses (including, without limitation, expenses related to training programs, meetings, and other events, certain entertainment expenses, travel and travel-related expenses, and expenses relating to recruiting, relocation, and background checks for portfolio company positions) incurred by Vista in connection with its performance of services for such portfolio company, as well as consulting fees, certain legal expenses (including legal costs associated with reviewing financial documents and agreements) and other cash and non-cash compensation and expenses incurred. Subject to any applicable Management Fee offsets (as described below), as set forth in the Governing Documents and above, Vista or its affiliates are reimbursed by a portfolio company with respect to Vista or its affiliates providing services to such portfolio companies. Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by Vista, are reimbursed by a Fund and/or its portfolio companies, Vista may not necessarily seek out the lowest cost options when incurring (or causing a Fund and/or its portfolio companies to incur) such expenses, which could result in lower returns to investors.



### ***Management Fee Offsets***

The Management Fees for the Equity, Perennial, Credit, and Hedge Funds are offset, partially or fully, as detailed within each of the respective Funds' Governing Documents, by fees including, but not limited to, certain transaction fees, consulting fees (which are in addition to the VCG Fees described above), placement agent fees, monitoring fees, or similar fees from portfolio companies in a Fund or prospective portfolio companies for services provided by Vista. In certain Equity Funds and the Perennial Fund, the Management Fee offset may include a portion of the VCG Fees related to VCG services provided to the portfolio companies or prospective portfolio companies in the Equity Funds and the Perennial Fund if they are charged in excess of an agreed upon amount per annum.

The amount and manner of such reduction, if any, is set forth in the Advisory Agreement and/or Governing Documents of the applicable Fund. To the extent a reduction relates to more than one Fund, the Adviser shall allocate the resulting Management Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. As some Funds may not pay Management Fees, any such reduction will not benefit such Funds and Vista will retain such amounts not offset. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle, or third-party Investor that does not pay Management Fees, or to capital committed by a Fund investor that does not pay Management Fees, will be retained by the Adviser and such amounts will not offset any Management Fee. Further, Vista will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

Vista, and its affiliates, receive, from certain portfolio companies, fees related to consulting, advisory, or similar services that are not included in the Management Fee offset described above. VCG employees have received, as compensation, options granted by portfolio companies, and the value of such options also will not be included in the Management Fee offset described above.

Portfolio companies of the Equity Funds and the Perennial Fund pay arranger fees in connection with debt issued by such portfolio companies. In instances where one or more Credit Funds participate in such debt issuance, the participating Credit Fund(s) have and may in the future receive their pro rata share of arranger fees or other economics and such fees will not offset any Management Fee of the Equity, Perennial, or Credit Funds.

### **Carried Interest Payments**

Please see Item 6 below regarding "Carried Interest" that the Funds may pay.



## Brokerage Fees

Where the Adviser utilizes the services of broker-dealers to effect portfolio transactions for the Equity Funds, the Perennial Fund, or the Hedge Fund, such Fund will incur brokerage and other transaction costs. Additionally, the Credit Funds may utilize broker-dealers to trade in debt instruments on the secondary market and incur related costs. For additional information regarding brokerage practices, please see Item 12 below.

## ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As indicated in Item 5 above, certain of the Funds pay performance-based fees, including the payment of carried interest (“Carried Interest”) or incentive allocations, which vary across the Funds. The General Partner, or an affiliate, of each Equity Fund, Perennial Fund, Credit Fund and Hedge Fund receives performance-based fees from the Fund it manages. The precise amount of, and the manner and calculation of, Carried Interest and incentive allocations are detailed in each applicable Fund’s Governing Documents. Carried Interest and incentive allocations paid by a Fund are indirectly borne by the Investors. Performance-based fees differ from one Fund to another, as well as among Investors in the same Fund. Certain Funds and investors in such Funds (including Vista Investors and Adviser Personnel affiliated funds) incur lower or no Carried Interest.

The payment of Carried Interest and incentive allocation by some, but not all Funds, and the payment at varying rates creates an incentive for Vista to disproportionately allocate time, services, or functions to Funds paying Carried Interest, or the Funds paying Carried Interest at a higher rate, or to allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated at least in part by (i) certain limitations on the ability of the Adviser to establish new investment funds; (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously; and/or (iii) contractual provisions or procedures setting forth investment allocation requirements. Further, the existence of performance-based fees has the potential to create an incentive for the General Partner to make more speculative portfolio investments on behalf of a Fund than it would otherwise make in the absence of such a performance-based arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its Investors. Vista has established procedures to address these potential conflicts of interest to ensure that transactions and investment opportunities are allocated to the Funds on a fair and reasonable basis and in accordance with each Funds’ investment guidelines and Governing Documents.



### **Equity Funds and Perennial Fund Carried Interest**

The Equity Funds and Perennial Fund expect to charge Carried Interests of all realized profits subject to certain preferred return, as more fully described in the relevant Governing Documents, which is allocated to the relevant Fund's General Partner. The Carried Interest distributed to the relevant Fund's General Partner is subject to potential clawback at the end of life of the Fund if the General Partner has received excess cumulative distributions and at certain interim intervals as provided in the relevant Governing Documents.

### **Credit Funds Carried Interest**

The Credit Funds expect to charge Carried Interests of all realized profits subject to certain preferred return, as more fully described in the relevant Governing Documents, which is allocated to the relevant Fund's General Partner. The Carried Interest distributed to the relevant Fund's General Partner is subject to potential clawback at the end of life of the Fund if the General Partner has received excess cumulative distributions as provided in the relevant Governing Documents.

### **Hedge Fund Incentive Allocation**

The Hedge Fund expects to charge an incentive allocation equal to 20% (with respect to Series A Shares/Interests), 17.5% (with respect to Series B Shares/Interests), or 15% (with respect to Series C Shares/Interests) of the excess of the aggregate net profits (as defined in the Hedge Fund Governing Documents) attributable to each investor, which is allocated to the Hedge Fund's General Partner, either at the end of the fiscal year (or other period), or upon withdrawal of capital. For withdrawals and transfers, the incentive allocation only applies with respect to the amount of capital withdrawn or transferred.

Carried interest and incentive allocation are subject to modification, waiver, or reduction in Vista's sole discretion. Vista, its affiliates and certain of its professionals or others who are not employees of Vista or its affiliates, but who have a pre-existing business relationship with Vista may invest alongside a Fund. Fees assessed, including Carried Interest or incentive allocation and Management Fees, have been and may be in the future substantially reduced, or as is more typical, waived altogether for these Investors.

Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by Vista.

## **ITEM 7: TYPES OF CLIENTS**

Vista currently provides investment supervisory services to its Fund clients, and references throughout this Brochure to "clients" and to Vista's related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Investment advice is provided directly



to the Funds (subject to the direction and control of the General Partner of each such Fund, if applicable) and not individually to Investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and include U.S. and non-U.S. corporations, endowments, estates, foundations and university endowments, banks or thrift institutions, state or municipal government entities, government owned investment entities, high-net worth individuals, corporate and state pension and profit-sharing plans, Taft-Hartley plans, pooled investment vehicles and trusts, and include, directly or indirectly, principals or other employees of Vista. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act.

Investors in the Funds are requested to refer to the Governing Documents of the applicable Fund for complete information on the minimum investment requirement for participation in that Fund. Vista does, however, maintain discretion to individually waive, increase, or reduce the minimum investment commitment required for any of its Funds (and has done so in the past).

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

### **Methods of Analysis and Investment Strategies**

#### ***Equity Funds***

Vista invests in equity and (where permitted by Governing Documents) debt interests of companies on behalf of the Equity Funds it manages. Vista invests in different structures such as leveraged buyouts and take-private transactions as well as recapitalizations, private investment in public equity, carve-outs, and general buyouts. While Vista generally seeks to obtain control of its investments through majority ownership, it has in the past and intends to in the future invest in minority ownership opportunities where it believes it can successfully create value. The unifying theme across the Equity Funds’ various investment structures is the ability to seek to influence the outcome of the investment through the application of Vista’s proprietary set of Vista Best Practices.

Certain of the Equity Funds have in the past, and may in the future, acquire minority “toe-hold” positions in public companies through open market share purchases. These public positions may be utilized as a starting point to ultimately acquire the entire company in a take-private transaction, may be exited through open market sales when Vista feels the company has achieved fair value, or may be exited when the target company is acquired by another buyer. In addition, certain of



the Equity Funds may invest in mezzanine or other debt securities or repurchase any outstanding debt issued by the portfolio companies when the market conditions are favorable.

Vista uses a proprietary process to evaluate potential investment opportunities, structure and execute transactions, and implement value-added operational strategies. Vista has established strong relationships with boutique and bulge bracket investment banks, current and former software company executives, board directors, and industry consultants who have access to investment opportunities. Vista believes its focus and experience in enterprise software and related businesses has helped to establish its investment team's strong reputation and credibility, which is influential in encouraging intermediaries to bring Vista relevant deal flow.

Vista augments its opportunities brought by traditional channels with proprietary deal sourcing. Vista routinely conducts research into different niche vertical software markets, often identifying targets within each segment. This proprietary research process helps Vista understand the dynamics, competitors, trends, risks, and opportunities of a segment, enabling Vista to proactively target select companies and approach them regarding a sale of their business.

The equity investment team at Vista takes a disciplined, analytical approach to deal execution. The team typically uses the diligence process to find potential value-creation opportunities that others may not recognize. The Equity Funds' Investment Committees evaluate the preliminary information on the target company to ensure any external communication reflects the respective Investment Committee's consensus.

Once Vista decides to proceed further with a potential investment, the Equity Fund investment and operational personnel prepare an in-depth investment analysis that includes the operational issues and opportunities inherent in the company and a specific post-acquisition operating plan focused on implementing the Vista Best Practices. VCG personnel are also involved in investment diligence and assist in developing the details of the post-acquisition transformation plan including, for instance, "go to market" initiatives in support of the portfolio company. Throughout the process, the investment team assigned to the investment keeps the rest of the investment and operational professionals informed of the process, progress, and issues.

Ultimate investment authority for the Equity Funds is vested in the applicable Investment Committee, and issues, questions, and concerns are addressed with the applicable Investment Committee throughout the process to ensure that investments consummated have consensus approval and those that will not achieve consensus do not incur additional time.

### ***Perennial Fund***

Vista invests in equity and (where permitted by Governing Documents) debt interests of portfolio companies on behalf of the Perennial Fund it manages. Vista invests in different structures such as leveraged buyouts and take-private transactions as well as recapitalizations, private





investment in public equity, carve-outs, and general buyouts. Vista invests in enterprise software business portfolio companies it believes to be “operationally mature”, meaning the businesses have generally implemented operational best practices, typically run at a higher profit margin than their less efficient counterparts, have developed longer customer relationships that create higher and more predictable recurring revenues. Vista seeks to assemble a portfolio of businesses into industry platforms by consolidating their activity and provide equity upside returns.

Vista uses a proprietary process to evaluate potential investment opportunities and structure and execute transactions. Vista has developed a network of hundreds of intermediaries (including investment bankers and brokers) and has built a proprietary database that includes thousands of enterprise software, data, and technology-enabled solutions companies. Vista believes its focus and experience in enterprise software and related businesses has helped to establish its investment team’s strong reputation and credibility, which is influential in encouraging intermediaries to bring Vista relevant deal flow.

Vista augments its opportunities brought by traditional channels with proprietary deal sourcing. Vista routinely conducts research into different niche vertical software markets, often identifying targets within each segment. In addition, Vista has enhanced its deal flow by developing an internal, high quality, well-researched sourcing effort to establish relationships and meet with prospective portfolio company targets and executives. This proprietary research process helps Vista understand the dynamics, competitors, trends, risks, and opportunities of a segment, enabling Vista to proactively target select companies and approach them regarding a sale of their business.

The Perennial Fund investment team at Vista takes a disciplined, analytical approach to deal execution. In addition to evaluating an investment opportunity based on stand-alone factors, including its industry, market shares, customer relationships and contracts, products, employee base, margins and other factors, a separate “platform integration plan” is developed to assess complementary acquisitions in various operating categories. VCG personnel generally assist the Perennial Fund’s acquisitions with platform consolidation and integrated product development. Upon achievement of certain milestones throughout the investment process, the investment team reviews the financial acquisition model (standalone and integrated) and the “operational maturity” of a company with the Perennial Fund’s Investment Committee to ensure continuing consensus across the investment and operating teams regarding the appropriateness of the acquisition for the Perennial strategy and the Perennial Fund.

### ***Credit Funds***

The Credit Funds’ principal focus is to invest in senior or subordinated debt, or other interests senior to common equity as well as equity securities (or rights to acquire equity securities) acquired in connection with debt financing transactions in management buyouts, recapitalizations, and other opportunities in enterprise software, data, and technology-enabled businesses,



including companies owned by the Equity Funds and/or the Perennial Fund. The Credit Funds provide debt financing for new platform investments, add-on acquisitions, refinancing, and recapitalization transactions, and make opportunistic investments through both direct lending and in open market purchases. The terms of the Credit Funds' investments will depend on the facts and circumstances of the transaction, the market and opportunity for that type of debt or equity financing, and the credit attributes of a particular company. The Credit Funds may be the sole source of debt financing in certain transactions for companies where Vista does not have control, or the Credit Funds may acquire no more than 49% of a debt tranche in companies where Vista has a control equity investment. The Credit Funds will generally target specific enterprise software, data, and technology enabled companies with some or all of the following attributes: mission critical solutions, high levels of recurring revenues, established and diversified customer bases, and/or strong competitive positioning.

Vista's credit investment team evaluates the credit-worthiness of potential investments, including, without limitation, if applicable for certain transactions that are generally not broadly syndicated and do not trade in a primary or secondary market, by from time to time, working with the Equity Funds' and the Perennial Fund's investment teams (subject to certain information sharing controls) to incorporate and leverage any prior experience with the company, industry knowledge, and expertise. The Credit Funds benefit from the Equity Funds' and Perennial Fund's network and database of contacts. VCG personnel are also involved in investment diligence on certain prospective borrowers/issuers evaluated by the Credit Funds, and provide post-investment consulting services to companies invested in by the Credit Funds.

The Credit Funds may have an opportunity to invest in the debt and/or equity instruments of companies that the Equity Funds or Perennial Fund acquire and/or make an equity or debt investment in. The Credit Funds also leverage Vista's relationships, reputation, credibility, and domain expertise to source unaffiliated investment opportunities from arrangers, investment banks, and other private equity sponsors that acquire and/or manage software businesses. Through Vista's deal pipeline, the Credit Funds may also have the opportunity to evaluate deal opportunities in which Vista does not ultimately make an equity control investment, subject to certain restrictions on information sharing between the Credit Funds team, on one hand, and the Equity Fund and Perennial Fund teams on the other.

The Credit Funds have a Credit Investment Committee that maintains responsibility for overseeing the Credit Funds' investment-related activities and approving certain investment decisions made on behalf of the Credit Funds.

All new potential investments pursued by the Credit Funds will be sent to a credit investment team member who will confirm fit and viable opportunities will be assigned to a credit investment team. The credit investment team will review available materials and conduct an initial credit assessment.



Once due diligence is completed, the credit investment team will prepare a final credit memorandum that summarizes the findings and makes a recommendation for approval by the Credit Investment Committee. The Credit Investment Committee has established a framework whereby investment approval authority requirements are scaled to the perceived risk-profile of the underlying opportunity and/or the scenario for which approval is being sought.

### ***Hedge Fund***

The Hedge Fund pursues a fundamentally driven, research-intensive long/short equity investment strategy with an emphasis on the global TMT sectors as well as other industries impacted by technology trends. It invests in long and short securities consisting principally, but not solely, of equity and equity-related securities that are traded publicly in U.S. and non-U.S. markets. While the Hedge Fund invests a substantial majority of its capital in exchange-traded securities and securities for which it believes there is a developed over the counter market, as well as in derivative instruments, it also, subject to applicable capacity constraints, opportunistically invests in the securities of private issuers in the TMT sectors, generally in later-stage, pre-initial public offering companies (i.e., companies with private enterprise values generally from \$20 million to over \$5 billion) and generally by taking passive minority ownership positions in such issuers.

The Hedge Fund investment team frequently interacts with the broader Vista platform in connection with the identification of unique investment opportunities, conducting due diligence on investments, and providing follow-on judgment as the investment risk/reward evolves (subject to Vista's information barriers and other procedures designed to control the flow of material nonpublic information). The Hedge Fund has invested in securities also owned by the Equity Funds and may invest in securities also owned by the Equity Funds, Credit Funds, or the Perennial Fund in the future. Similar to the Equity Funds and the Perennial Fund, the Hedge Fund investment team leverages fundamental analysis to identify mispriced assets.

Subject to certain restrictions related to its information barrier, the Hedge Fund investment team has established a process-driven approach to unearthing opportunities for investment in the public markets, which may be supported by recurring due diligence sessions with Vista portfolio companies and utilizing the extensive industry knowledge of Vista and VCG and their personnel.

The Hedge Fund constructs proprietary financial models for each company considered for a significant investment and monitors the landscape for dislocations between consensus and its own expectations. The Hedge Fund team employs a disciplined real-time approach to monitoring risk/reward in seeking to determine entry and exit positions and interim position-sizing. Subject to certain restrictions related to its information barrier, the Hedge Fund leverages the expertise of the Equity Fund, Perennial Fund, Credit Fund personnel, and VCG. The Hedge Fund investment team conducts on-site company visits, schedules product demonstrations, attends investment conferences and has follow-up conversations with company executives on a consistent basis.



Depending on the type of security and size of the contemplated investment, the investment team creates a general overview, valuation comparison, relevance to the Hedge Fund investment mandate, an investment memo presentation with financial models, or a long-form investment memo presentation and accompanying more extensive analysis financial model(s).

## **Risk Factors**

### ***Risks Applicable to All Funds***

Investing in the Funds Vista manages entails a high degree of risk and, therefore, should be undertaken only by investors capable of evaluating and bearing certain risks including the possibility of partial or total loss of capital. Investors must be prepared to bear capital losses which might result from investments. In addition, there will be occasions when Vista or its affiliates encounter potential conflicts of interest in connection with the activities of a Fund.

Investors are urged to carefully review the risk factors set forth in each Fund's Governing Documents, which include a more complete description of risk factors associated with an investment in such Fund. In addition to those risk factors, a Limited Partner should also carefully review the risks and potential conflicts that include, but are not limited to, the following:

### **Reliance on Vista and Portfolio Company Management Teams**

While Vista investment professionals and VCG personnel will devote that portion of their time to the affairs of a particular Fund as they believe is necessary for the proper performance of their duties, they will likely devote substantial amounts of time to other investment activities of Vista. Such activities are likely to require those individuals to devote substantial amounts of their time to matters unrelated to the business of that particular Fund, including Vista's existing or future portfolio of investments, which is likely to pose conflicts in the allocation of Vista's resources. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although Vista will be responsible for monitoring the performance of each portfolio investment and the Funds seek to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully. The success of many of Vista's portfolio companies is heavily dependent on the management of such companies.

The General Partners will have exclusive responsibility for the Funds' activities, and other than as expressly set forth in the relevant Governing Documents, Limited Partners will not be able to make decisions with respect to the acquisition, management, disposition or other realization of any investment, or other decisions regarding the conduct of the Funds' business and affairs. The General Partners will be solely responsible for making all investment decisions on behalf of the Funds, and the Funds' future profitability will depend largely upon the business and investment acumen of Vista principals.



## **The Ability of the Investment Team to Source and Select Attractive Investment Opportunities**

Identifying and completing attractive private equity, debt investments, and publicly traded securities is highly competitive, reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms upon which investments can be made. Vista will be competing with other similar investors and with financial institutions for the acquisition of investments. There can be no certainty that Vista will be able to identify and complete a sufficient number of attractive Fund investments to meet client investment objectives or enable the full amount of capital committed to a Fund to be invested. In addition, the Funds are permitted to invest in companies with varying degrees of leverage which involve a higher degree of risk.

### **Dynamic Investment Strategy**

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

### **Concentration of a Fund's Investments in the Software Industry**

The Funds' portfolio investments will be concentrated in the software sector. Enterprise software companies serve virtually every vertical market. The vertical market focus of such companies is a core reason for their stability and longevity, as these businesses offer their customers unique, industry specific capabilities typically not available from general purpose software vendors or new technology startups. The software industry is, however, challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short product life cycles, services and/or improvements in existing products. The software sector as a whole is highly cyclical. Companies require software to operate their businesses without regard to other market conditions. Further, a Fund may be concentrated in a limited number of investments, geographical regions, asset types, or sectors. To the extent a Fund concentrates its investments in a particular issuer, industry, security, or geographic region, its investments may be more susceptible to fluctuations in value resulting from adverse economic, political, regulatory, and business conditions than investment portfolios that are more diversified. Other than as set forth in the Governing Documents, Investors have no certainty as to the investment diversification of a Fund.



## **Investing in Smaller or Less Established Companies**

The Funds are permitted to invest a portion of their assets in the securities of smaller or less established companies. Investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger market capitalizations. In addition, such securities typically trade in lower volume and are more volatile than the securities of companies with larger market capitalizations. Therefore, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.

## **Restricted Nature of Investment Positions**

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

## **Limited Access to Information**

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



bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Vista reserves the right to withhold certain information from Investors subject to such laws for reasons relating to Vista's public reputation, business strategy or other reasons.

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

Vista or its affiliated persons will come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, Vista and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is an Investor in any fund or account managed or advised by Vista. Accordingly, should Vista or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, Vista and its affiliated persons would be prohibited from communicating such information, and Vista and its affiliated persons would have no responsibility or liability for failing to disclose such information to any Fund or Limited Partners as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser personnel serving as directors of public companies and may restrict trading on behalf of funds or accounts managed or advised by Vista.

To partially mitigate the foregoing risks, Vista has established permanent information barriers between various business units within Vista that restrict communications between each of those business units. Consequently, while one investment team operating in one business unit may have knowledge of information that could be pertinent to an investment and/or disposition decision of a Vista entity operating in another one of the business units, the investment professionals of the other Vista entity will not have access to such information. Similarly, the receipt of material non-public information by one investment team would only restrict the operation of that business unit, and would not restrict other business units' operations. However, an information barrier would not restrict the flow of information that one business unit wishes to receive from another business unit, as that business unit can opt-out of the barrier in its discretion, subject to the restrictions on use of any material non-public information received as a result. Additionally, certain Adviser Personnel may be considered "above the wall" and therefore exempt from the information barriers. As a result of this treatment and the resulting access to material non-public information, such personnel may be required to recuse themselves in connection with certain matters, which may impede the relevant Fund's investment program or operations. There can be no guarantee that informational barriers will be able to prevent all issues relating to material nonpublic information.

To the extent Vista maintains an open environment or shares information across the information barriers, the receipt of material non-public information will restrict all Funds and accounts





managed or advised by Vista in receipt of the information. Due to these restrictions, a Vista Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Consequently, the possession of material non-public information by Vista or its affiliated persons may limit the ability to buy and sell investments in the relevant company by funds and accounts managed or advised by Vista. For further discussion, see also the Conflicts of Interest section below.

Furthermore, to the extent not restricted by confidentiality requirements or applicable law, Vista will apply experience and information gained in providing services to portfolio companies and other investments to provide services to competing portfolio companies and investments of Vista or other Vista Funds, which may have adverse consequences for a particular Fund.

In addition, Vista receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of a Fund's investment (or prospective investment) in a portfolio company. As described above, the receipt of such information may restrict a Fund from transactions in the relevant company. Such information will also be periodically received in the ordinary course as a result of Adviser Personnel serving as directors of a public portfolio company and could cause the Fund to be restricted from transactions in the relevant portfolio company more often than if Adviser Personnel did not serve in such positions, which could have an adverse effect on Fund performance if Vista desired to engage in such transactions (including disposing of an investment in a timely manner). Vista has in the past and is likely in the future to enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. Vista has used and expects in the future in certain instances to use this information in a manner that provides a material benefit to Vista, its affiliates, or to other Vista Funds without compensating or otherwise benefitting such Fund. In addition, Vista may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. Vista has in the past utilized and is likely in the future to utilize such information to benefit Vista, its affiliates or other Vista Funds in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances but does not intend to specifically disclose such conflicts to such Fund.

### **One Vista**

Given the collaborative nature of Vista's business and the portfolio companies in which Vista invests, Vista has developed the "One Vista" ecosystem. Through One Vista, Vista and VCG have sought, and will likely continue to seek, to identify and help facilitate synergies between and among its Equity Fund and Perennial Fund portfolio companies (including those held by different Vista entities) with the aim of accelerating growth through geographic expansion, go-to-market strategies, strategic partnerships and collaborations between and among such portfolio



companies. The applicable participating Fund portfolio companies will bear fees, costs and expenses related to such efforts, including the potential for success fees with respect to One Vista services. In certain circumstances, a portfolio company that is a member of the One Vista ecosystem will bear more than its proportionate share of the fees, costs, and expenses, as compared to other member portfolio companies. Further, some members of the One Vista ecosystem may derive greater benefits than other members in these arrangements. In facilitating the One Vista activities, Vista and its affiliates face potential conflicts of interest because although Vista and its affiliates intend to make recommendations that they believe are aligned with a portfolio company's financial and operational strategies and which they anticipate will enhance investment performance, Vista and its affiliates have a potential incentive to make such a recommendation because of its, or its affiliates', financial or business interests. Further, there can be no assurance that Vista will be able to achieve its objectives with respect to One Vista or, if any such activities are conducted, such activities will not have an adverse effect on the applicable portfolio companies.

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

The success of a Fund's investment activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the Fund's investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations). Vista's financial condition may be adversely affected by a significant general economic downturn and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on Vista's business and operations and thereby could impact the Funds. Moreover, a renewed downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets could adversely affect a Fund's profitability, impede the ability of a Fund's portfolio companies to perform under or refinance their existing obligations, and impair a Fund's ability to effectively exit investments on favorable terms. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a particular portfolio company's capital structure. Vista itself could also be affected by difficult conditions in the capital markets and any overall weakening of the financial services industry. Similarly, Vista's portfolio companies historically have regularly utilized the corporate debt markets in order to obtain financing for their operations. Any market turmoil, coupled with the threat of an economic slow-down, as well as a perceived increase in counterparty default risk, may have an adverse impact on the availability of credit to businesses generally, which in turn may adversely affect or restrict the ability of a Fund to sell or liquidate investments at favorable times or at favorable prices or which otherwise may have an adverse impact on the business and operations of the Fund, restrict the Fund's investment activities and/or impede the Fund's ability to effectively achieve its investment objective.



In addition, there can be no assurance that substantial volatility in stock markets will not have an adverse effect on the Funds.

### **Liquidity of Limited Partner Interests in the Funds**

Interests in a Fund will not be readily marketable and are generally neither redeemable nor transferable without the prior written consent of the Fund's General Partner, which may be given or withheld in the General Partner's sole discretion.

Many of the investments will be highly illiquid and is likely to require a lengthy period to dispose of. Investments in a Fund require a long-term commitment with no certainty of return. There most likely will be little or no near-term cash flow available to Investors. Investment in the Funds may not result in rates of return that are equal to or better than the average rate of return on investments in other private investment funds or asset classes. The success or failure of any portfolio investment will rely in part on the success or failure of the investment decisions made by the investment management team.

### **Hedging Policies; Related Regulations**

In connection with financing and/or holding certain portfolio investments, the Funds are permitted to employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange. The Funds are permitted to incur costs related to hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options, and other instruments. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in poorer overall performance by the Funds than if they had not entered into such hedging transactions.

In some cases, particularly OTC contexts, hedging arrangements will subject the Funds to the risk of a counterparty's inability or refusal to perform under a hedging contract, or potential loss of assets held by a counterparty, custodian, or intermediary in connection with such hedging. OTC contracts may expose the Funds to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for the General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.



## Financial Market Fluctuations

In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility, and instability. These financial market fluctuations, along with general fluctuations in interest rates have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the value of the portfolio investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds' portfolio investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies, and investors' risk-free rate of return. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate related futures and options. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market, and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when Vista believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell, and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that Vista believes reflect the fair value of such investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and debt markets and a rise in interest rates, has dramatically reduced demand for high yield debt and senior bank debt, which, in turn, has led some investment banks and other lenders to be unwilling or less willing to finance such companies or to only offer committed financing to such companies on less favorable terms than had been prevailing in the recent past. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Fund has invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Funds' returns. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more of a Fund's investments or portfolio companies. The ability of

portfolio companies to refinance debt securities will depend on their ability to sell new securities in the public high yield debt market or otherwise.

### **Registration under the U.S. Commodity Exchange Act**

Registration with the U.S. Commodity Futures Trading Commission (the “CFTC”) as a “commodity pool operator” or as a “commodity trading adviser” or any change in the Funds’ operations necessary to maintain Vista’s or its affiliates’ ability to rely upon the exemptions from registration, could adversely affect the ability of a Fund to implement its investment program, conduct its operations, and/or achieve its objectives and subject the Funds to certain additional costs, expenses, and administrative burdens. Furthermore, any determination by Vista to cease or to limit investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC may have a material adverse effect on a Fund’s ability to implement its investment objectives and to hedge risks associated with its operations.

### **Alternative Investment Fund Managers Directive**

The AIFMD regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to Investors within the European Economic Area (“EEA,” which for purposes of the description herein will continue to include the United Kingdom). To the extent the Funds are actively marketed to Investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) the Funds and Vista will be subject to certain reporting, disclosure, and other compliance obligations under the AIFMD, which will result in the Funds incurring additional costs and expenses; (ii) the Funds and/or Vista or its affiliates may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Funds incurring additional costs and expenses or may otherwise affect the management and operation of the Funds; (iii) Vista will be required to make detailed information relating to the Funds and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Funds and Vista in relation to EEA portfolio companies, including, in some circumstances, the Funds’ ability to recapitalize, refinance, or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Funds generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA Funds to Investors based in those jurisdictions, which may make it more difficult for the Funds to raise their targeted amounts of commitments.

In the future, it may be possible for non-EEA AIFMs to market an alternative investment fund (“AIF”) within the EEA pursuant to a pan-European marketing “passport”, instead of under national private placement regimes. Access to this passport may be subject to the non-EEA AIFM complying with various additional requirements under the AIFMD, which may include one or more of the following: additional conduct of business and organizational requirements; rules relating to the remuneration of certain personnel; minimum regulatory capital requirements; restrictions on

the use of leverage; additional disclosure and reporting requirements to both Investors and EEA home state regulators; independent valuation of an AIF's assets; and the appointment of an independent depository. Certain EEA Member States have indicated that they will cease to operate national private placement regimes when, or shortly after, the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, Vista may not seek to market interests in the Funds in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in the Funds. Alternatively, if Vista sought to comply with the requirements to use the passport, this could have adverse effects including, amongst other things, increasing the regulatory burden and costs of operating and managing the Funds and their investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting Vista's ability to recruit and retain these personnel.

### **European Union Tax Decisions**

On February 18, 2020, it was announced that the Cayman Islands has been placed on the EU's list of non-cooperative jurisdictions for tax purposes. The Cayman Islands government issued a press release on February 18, 2020 affirming that the jurisdiction introduced appropriate legislative changes on February 7, 2020 relating to the EU's criteria, but that the listing appears to stem from such legislation not being enacted by February 4, 2020, which was the date of the EU's Code of Conduct Group meeting to advise the EU Finance Ministers prior to the Finance Ministers' decision regarding the listing on February 18, 2020. The Cayman Islands government press release states that the Cayman Islands remains fully committed to cooperating with the EU and will continue to constructively engage with them with the view to be delisted as soon as possible. It is unclear as to whether the Cayman Islands being placed on such list will have a significant, or any, effect on a Fund, its Limited Partners, or the Fund's portfolio investments. However, there can be no assurance that the Cayman Islands being placed on such list (and any subsequent legislative actions related thereto) will not have a materially adverse effect on a Fund or its Limited Partners, particularly those residing or domiciled in the EU.

### **Outbreaks of Infectious or Contagious Diseases; COVID-19**

Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity, all of which may result in significant losses to a Fund.

There is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global

“pandemic.” This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations, and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. In many jurisdictions, restrictive measures have been re-imposed to address subsequent waves of infection. As a result, COVID-19 significantly diminished global economic production and activity of all kinds and contributed to both volatility and declines in markets for financial assets as well as commodities and other assets. Among other things, these unprecedented developments resulted in material reductions in demand across some, many or all 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, and strain and uncertainty for businesses and households. Certain industries are likely to feel such impacts particularly acutely, for instance industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment and industries related to natural resources production and development.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across several 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, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The COVID-19 crisis and any other public health emergency could result in significant adverse impacts on the Funds. The extent of impact of any such emergency depends on many factors, all of which are highly uncertain and cannot be predicted, which may impact Vista's or the Funds' ability to source, diligence and execute new investments and to manage, finance and exit investments in the future, or cause significant changes or reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the

availability of capital. Likewise, social or governmental mitigation actions may (among a wide variety of other potential effects) constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy Funds intend to pursue, all of which could adversely affect Funds' ability to fulfill their investment objectives. They may also impair the ability of Funds' investments or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences, including the potential for defaults by borrowers under debt instruments held by a Fund. In addition, the operations of the Funds, their investments, the applicable General Partner, Vista and their respective affiliates may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other social, political, financial, legal, regulatory and other factors related to an actual or threatened public health emergency (such as COVID-19), including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance. The full effects, duration, and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

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

Funds are permitted to invest outside of the United States, its territories, and possessions. Non-U.S. securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which the Funds' foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (iii) certain economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital (as such regulations and restrictions may be given effect during the entire term of a Fund), the risks of political, economic or social instability and the possibility of expropriation or confiscatory taxation or other changes in law; (iv) differences between U.S. and foreign market contract terms (e.g., foreign contracts do not typically include many of the closing conditions that are commonly found in U.S. contracts); (v) the application of complex U.S. and non-U.S. tax rules to cross-border investments, including the possible imposition of non-U.S. taxes on the Funds and/or the Investors with respect to the Funds' income, and possible non-U.S. tax return filing requirements for the Funds and/or the Investors;



(vi) less developed corporate laws regarding fiduciary duties, the protection of Limited Partners and intellectual property; and (vii) foreign investment controls limiting or precluding foreign investment above certain ownership levels or in certain sectors of the country's economy.

### **Third-party Infringement Claims**

A Fund (or an affiliate thereof) or a portfolio company may, from time to time, receive notices from others claiming the Fund (or an affiliate thereof) or such portfolio company has infringed their intellectual property rights. The number of these claims may grow because of constant technological change in the software industry, increased user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies may use "open source" software in their products or may use such software in the future. Such open source software is generally licensed by its authors or other third parties under open source licenses. Licensing authors or third parties may allege that a portfolio company has not complied with the conditions of one or more of these licenses. To resolve these and other intellectual property infringement claims, a Fund and/or portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers. These outcomes may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs can seek injunctive relief that may limit or prevent importing, marketing, and selling products that have infringing technologies.

### **Software Code Protection**

Source code is often critical to portfolio companies. If an unauthorized disclosure of a significant portion of source code occurs, a portfolio company could potentially lose future trade secret protection for that source code. This could make it easier for third parties to compete with such portfolio company's products by copying functionality, which could adversely affect revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (e.g., viruses, worms, and other malicious software programs that may attack portfolio company products and services). Costs for remediating the unauthorized disclosure of source code and other cyber-security breaches may include, among other things, increased protection costs, reputational damage and loss of market share, liability for stolen assets or information and repairing system damage that may have been caused. Remediation costs may also include incentives offered to portfolio company customers or other business partners in an effort to maintain the business relationships after a security breach.

### **Laws and Regulations Governing the Internet**

The future success of many, if not all, of the companies in which the Funds invest depends upon the continued use of the Internet as a primary medium for commerce, communication, and



business services. Changes in laws and regulations, including recent developments in case law (including for example, the Supreme Court of the United States decision in *South Dakota v. Wayfair, Inc.*, 138 S. Ct. 2080 (2018)) related to the Internet or changes in the infrastructure of the Internet itself may diminish the demand for these companies' products, including software solutions. U.S. federal, U.S. state or foreign government bodies or agencies have in the past adopted, and are expected to continue to adopt, laws and regulations affecting the use of the Internet as a commercial medium. Companies may be required to modify their products or business models in compliance with or in response to such changes in laws and regulations. Also, domestic and foreign government bodies and agencies and private organizations may impose taxes, fees or other charges for accessing the Internet or for commerce conducted via the Internet. Such changes and regimes could limit the growth of Internet-related commerce or communications generally, reducing demand for Internet-based products and business services.

### **Governmental Export and Import Controls**

Companies in which the Funds invest are subject to U.S. and other jurisdictions' export controls for software and for incorporating encryption technology into any customer service platforms enabled through mobile applications. Such products incorporating encryption technology may only be exported with the required export authorizations, including by license, a license exception or other appropriate government authorizations, for example the filing of an encryption registration. Various countries also regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit the ability of companies to offer or distribute their products. Further, U.S. and other jurisdictions' export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by economic sanctions. Such governmental export and import controls could negatively impact Vista and the Funds by impairing the abilities of the companies in which the Funds invest to compete in international markets or subject them to liability for violations, including possible civil and criminal penalties and other repercussions.

### **Investments in Emerging Markets**

Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other, more established economies or markets. Such risks may include, among others, (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including conflict or social unrest; (iii) increased likelihood of governmental involvement in, and control over, the economy; (iv) governmental decisions to cease support of economic reform programs or to impose central planning of the economy; (v) less extensive regulation of financial and other markets; (vi) greater regulatory uncertainty; (vii) greater volatility, less liquidity and smaller capitalization of markets; (viii) greater volatility in currency exchange rates; (ix) greater risk of inflation; (x) higher dependence on exports and the corresponding importance of international trade; (xi) greater controls on foreign investment and limitations on the realization of investments,

repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (xii) less developed corporate laws, including regarding fiduciary duties of officers and directors and the protection of investors; (xiii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiv) maintenance of the Funds' investments with non-U.S. brokers and securities depositories; (xv) risks associated with differing cultural expectations and norms regarding business practices; (xvi) less developed compliance culture; (xvii) differences in auditing and financial reporting standards, which may result in the unavailability of material information about portfolio companies; (xviii) less developed, reliable or independent judicial systems for the enforcement of contracts or claims; and (xix) threats or incidents of corruption or fraud that may cause the Funds not to pursue certain investments, or to alter certain activities, liquidate certain portfolio investments or liquidate such investments prior to or after the time when the General Partner would otherwise choose to liquidate to achieve optimal returns, all of which may cause losses or have other negative impacts on the Funds or their portfolio investments.

### **Allocation of Investment Opportunities**

Vista provides investment advisory services to several investment Funds and will, from time to time, be presented with investment opportunities that are suitable for one or more investment Funds. Vista, in these circumstances, will allocate such opportunities among Funds on a basis that it reasonably determines in good faith to be fair and reasonable to its clients under the circumstances over time, taking into account various factors. See Item 11 for a more detailed discussion.

### **Leveraged Investments**

A Fund is permitted to make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment, or rising interest rates (which recently have been at or near historic lows) and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. A Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). The use of leverage by a Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. A Fund is permitted



to incur leverage on a joint and several basis with one or more other Funds and entities managed by Vista or any of its affiliates and may have a right of contribution, subrogation, or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by capital commitments made by such Fund's Investors and such Investors' contributions may be required to be made directly to the lenders instead of such Fund.

### **Distressed Investments**

A Fund is permitted to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing or expected to experience significant financial difficulties and material operating issues, including companies that may have been, are, or will become involved in bankruptcy proceedings or other restructuring, recapitalization, or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that Vista will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization, or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization, or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which such Fund invested.

### **Public Company Holdings**

The Funds' investment portfolios may contain securities issued by publicly held companies, which may be sensitive to movements in the stock market and trends in the overall economy. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the relevant Fund to acquire or dispose of such securities at certain times ("timing restrictions"), increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including Vista's principals, and/or other representatives of associates of the General Partner or the Funds, and increased costs associated with each of the aforementioned risks. Vista will from time to time restrict or otherwise limit a Fund's ability to make an investment in a publicly traded company (including a SPAC) to avoid subjecting such Fund or other Funds to timing restrictions.



## **Growth Equity Transactions**

A Fund is permitted to make growth-equity investments, which may involve taking non-control positions in the applicable portfolio companies. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many growth-equity portfolio companies will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities, and a larger number of qualified managerial and technical personnel.

## **Minority Investments**

A Fund is permitted to invest in minority positions of companies and in companies over which the Fund has no right to exert significant influence. In such cases, the Fund will be significantly reliant on the existing management teams and boards of directors of such companies, which may include representatives of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. In addition, there can be no assurance that there will be any minority rights or that such rights will provide sufficient protection of the relevant Fund's interests.

## **Need for Follow-On Investments**

Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company and/or its subsidiaries or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company and, in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for the Fund. In addition, certain of the Funds' portfolio investments, particularly those in "platform" phase, may need additional capital to sustain their working capital needs and/or acquisition strategies. The amount of such additional capital needed

will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided by a Fund are not sufficient, or if the Fund is unable to provide additional capital, a portfolio company may have to raise further capital at a price unfavorable to existing investors, including the Fund. To the extent a portfolio company in which a Fund invested receives additional funding in subsequent financings and the Fund does not participate in such additional financing rounds, the interests of the Fund in such portfolio company would be diluted. In the event that the Fund does not make a potential follow-on investment, such follow-on investment may be made by one or more co-investing funds, whether or not such Fund has participated in the initial investment in such portfolio company.

### **Uncertain Economic, Social, and Political Environment**

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

### **Valuation**

The Funds invest in securities which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined. The fair market value of such investments will be determined by Vista or its affiliates in accordance with the respective Fund's Governing Documents. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of Vista. However, the valuation of certain illiquid assets is inherently subjective and subject to increased risk that the information utilized to value the asset or to create the price models may be inaccurate or subject to other error. Third-party pricing information may at times not be available regarding certain of a Fund's assets. Accordingly, the fair market value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between fair market value and the ultimate sales price could be material. With respect to the Funds, the exercise of discretion in valuation by Vista will give rise to conflicts of interest, as valuations (including, for instance, the



determination of when an investment should be written down or written off) impact Vista's track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance calculations. As a result, Vista or one of its affiliates could be incentivized to influence the valuation of investments. See Item 11 for a more detailed discussion.

### **Investment in Junior Securities**

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

### **Options, Futures, Swaps, and Forwards**

The Funds are permitted to invest in options, futures, swaps and forwards. Investments in commodities, futures (including stock index futures), and options contracts involve risks including, without limitation, leverage (e.g., margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. If the Funds invest in futures positions, these positions may be illiquid because certain commodity exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as "daily price fluctuation limits" or "daily limits." Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits, which could prevent the Funds from promptly liquidating unfavorable positions and subject it to substantial losses.

The Funds are permitted to buy or sell (write) call options, and when a Fund writes options it may do so on a "covered" or an "uncovered" basis. A call option is "covered" when the writer owns securities of the class or tranche and amount of those as to which the call option applies. The Funds' options transactions may be part of a hedging tactic, i.e., offsetting the risk involved in another securities position. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without considering other positions or transactions into which the Funds may enter.

The Funds are permitted to engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and "cash" trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention, or other factors. Market illiquidity or disruption could result in major losses to the Funds.

The Funds are permitted to be the "buyer" or the "seller" in a credit default contract, in which the buyer is obligated to pay the seller a periodic stream of payments over the term of the contract in

return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a Fund is a buyer and no credit event occurs, the Fund may lose its investment (or premium) and have no recovery. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations. Credit default swaps involve greater risks than if the applicable Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk.

### **Equity Fund and Perennial Fund Use of Leverage**

While portfolio investments in leveraged companies offer the opportunity for capital appreciation, such portfolio investments also involve a higher degree of risk. The Equity Funds' and the Perennial Fund's portfolio investments will likely involve varying degrees of leverage, as a result of which recessions, operating problems, and other general business and economic risks (as well as particular risks associated with investing in software companies described above) may have a more pronounced effect on the profitability or survival of such companies. Moreover, any rise in interest rates may significantly increase a portfolio company's interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the applicable Fund may suffer a partial or total loss of capital invested in the portfolio company. An Equity Fund or the Perennial Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entity.

To the extent an Equity Fund or the Perennial Fund uses borrowed funds in advance or in lieu of capital contributions, or a portfolio company borrows funds directly through a Fund facility, the Limited Partners generally make correspondingly later capital contributions. As a result, a Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure Limited Partner cash flows) and may make net IRR calculations higher than they otherwise would be without fund-level borrowing, as these calculations generally depend on the amount and timing of capital contributions. While the applicable Fund will bear the expense of borrowed funds, such borrowings can also increase the carried interests received by Vista by decreasing the amount of distributions from the applicable Fund that are required to be made to Limited Partners in satisfaction of any preferred return. Vista therefore has a conflict of interest in deciding whether to borrow funds because Vista may receive disproportionate benefits from such borrowings. Borrowing by a Fund will generally be secured by capital commitments made by the Limited Partners and/or the Fund's assets, and documentation relating to such borrowing may





provide that during the continuance of a default under such borrowing, the interests of the Limited Partners may be subordinated to fund-level borrowing.

### **Uncertain Exit Strategies**

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

### **Cybersecurity Risks**

Cyberattacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners, may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. Vista, the Funds' service providers and their portfolio companies' information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses; infiltration by unauthorized persons and security breaches; and other disruptive behavior including denial-of-service attacks. Furthermore, Vista, the Funds' service providers and their portfolio companies may be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, winter storms, and earthquakes.

Vista, the Funds' portfolio companies, the Funds' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Funds and the Limited Partners, despite efforts to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Funds and the Limited Partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of Vista, the Funds' portfolio companies, the Funds' service providers, counterparties, or the data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers, or other users of Vista's systems to disclose sensitive information in order to gain access to Vista's data or that of the Limited Partners. The use of internet or cloud-based programs, technologies and data storage applications generally heightens these risks. To the extent that a portfolio company is subject to cyberattack or other unauthorized access is gained to a portfolio company's systems by unauthorized third parties, such portfolio company may be subject to substantial losses in the



form of stolen, lost, or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists, or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items.

Although Vista has implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Vista, the Funds and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Vista's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm Vista's, the Funds' and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims (from an individual or a governmental body) or otherwise affect their business and financial performance. In addition, Vista's, the Funds' and/or a portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates for incurred liabilities.

### **Privacy and Data Protection Law Compliance Risk**

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

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



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

### **Possibility of Fraud and Other Misconduct of Employees and Service Providers**

Misconduct by employees of Vista, service providers to Vista or the Funds and/or their respective affiliates could cause significant losses to such Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by such Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of such Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to such Funds. Vista has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that Vista will be able to identify or prevent such misconduct.

### **Litigation and Investigations**

In the ordinary course of its business, Vista, the Funds, or the Funds' portfolio companies may be subject to litigation, or the threat of litigation, from time to time. Certain Funds intend to make investments that include control of the management of a portfolio company, which creates additional risks of liability in case the customary limited liability characteristic of business operations is disregarded. Litigation proceedings or investigations associated with litigation or threatened litigation can be costly and time consuming, without certainty of the outcome or the scope of adverse effects of such outcomes. The outcome of such proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the General Partners' and / or Vista principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

### **National Security Investment Clearance**

In January 2020, the U.S. Department of the Treasury published final regulations to strengthen and modernize the Committee on Foreign Investment in the United States ("CFIUS"), which became effective on February 13, 2020. These new regulations expanded CFIUS' jurisdiction to cover non-controlling, non-passive investments in U.S. businesses that have a nexus to certain

identified critical technologies, critical infrastructure, and sensitive personal data (called “TID U.S. Businesses”). Moreover, other countries are increasingly taking action to strengthen their national security review regimes, and as a result, certain investments in foreign countries may likewise be subject to similar foreign investment clearance and national security review regimes if the investments are perceived to implicate national security policy priorities.

In some cases, investments by a Fund involving the acquisition of or investment in a U.S. business (including a U.S. subsidiary or branch of a company domiciled outside of the United States) may be subject to review and approval by CFIUS. In the event that CFIUS reviews one or more investments, there can be no assurances that Vista will be able to maintain or proceed with such portfolio investments on acceptable terms. Additionally, CFIUS may seek to impose limitations on one or more such portfolio investments that may prevent a Fund from maintaining or pursuing investment opportunities that the Fund otherwise would have maintained or pursued, which could adversely affect the performance of the Fund’s investment in such portfolio investments and thus the performance of Vista. Legislation to reform CFIUS was signed into law by the U.S. President in August 2018. This legislation, among other things, expands the scope of CFIUS’ jurisdiction to cover more types of investments and empowers CFIUS to scrutinize more closely investments in U.S. technology companies, including investments involving foreign limited partners and foreign co-investors that may be deemed “non-passive.” As of November 10, 2018, parties to certain transactions involving foreign persons and U.S. “critical technology” companies (“pilot program U.S. businesses”) must submit short-form declarations to CFIUS at least 45 days in advance of closing, following which CFIUS may elect to require the parties to submit a full joint voluntary notice of a transaction. Failure to file required declarations may result in financial penalties for each transaction party. While Vista has taken steps to ensure that its investments will not be subject to CFIUS’ jurisdiction and regularly consults with outside specialist counsel on CFIUS matters, certain of the Limited Partners of the Funds are expected to be non-U.S. investors, and in the aggregate, may comprise a substantial portion of a Fund’s aggregate commitments, which may increase the risks of such limitations or restrictions on investments being imposed. Moreover, other countries continue to strengthen their own national security investment clearance regimes, and Vista’s investments outside of the U.S. may also face delays, limitations, or restrictions as a result of compliance with these legal regimes.

### **Environmental, Social, and Governance Matters**

While ESG is only one of the many factors Vista will consider in making an investment, there is no guarantee that Vista will successfully implement and make investments in companies that create positive environmental, social or governance (“ESG”) impact while enhancing long-term shareholder value and achieving financial returns. To the extent that Vista engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of Vista will depend



on Vista's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on Vista's view of certain ESG-related and other factors, this carries the risk that Vista Funds may underperform compared to funds that do not take ESG-related factors into account. Consideration of ESG factors may affect Vista's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact Vista's performance as compared to other market participant who do not take into account or may view differently such ESG factors. Applying ESG factors to investment decisions can be qualitative and subjective by nature, and there is no guarantee that the criteria utilized or considered by Vista or any judgment exercised by Vista will reflect the beliefs or values of any particular investor. Additionally, ESG factors are only some of the many factors the General Partner may consider in making an investment, and there is no guarantee that the General Partner will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long-term value and financial returns for the Fund. In evaluating a company, Vista is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate, or unavailable, which could cause Vista to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving rapidly, and thus Vista's approach may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. A company's ESG-related practices or Vista's assessment of such practices may evolve and change over time. Finally, there is also growing regulatory interest, particularly in the U.S., UK, and in the EU, in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. Vista's ESG practices could become subject to additional regulation in the future (including pursuant to the various legislative initiatives stemming from the action plan on sustainable finance adopted by the EU Commission in March 2018 such as the Sustainable Finance Disclosure Regulation and the Taxonomy Regulation), and Vista cannot guarantee that investments will be able to comply with future reporting frameworks, regulatory requirements, or best practices.

### ***Equity Strategy Risks***

#### **Investments in Privately Held Companies**

The Equity Funds' investment portfolio generally will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

## **Investments in Restructurings**

The Equity Funds are permitted to make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Equity Funds to certain additional potential liabilities that may exceed the value of the original investments. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Equity Funds and distribution by the Equity Funds to the Limited Partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims.

## **Bridge Financings**

From time to time, the Equity Funds are permitted to provide interim financing, including in connection with any co-investment opportunities allocated to Limited Partners or third-party co-investors, to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Equity Fund's control, such long-term securities may not be issued, or such co-investment may not occur, and such bridge loans may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the unsecured position taken by the applicable Equity Fund.

## **Contingent Liabilities upon Disposition**

In connection with the disposition of a portfolio investment, the Equity Funds and the General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. The Equity Funds may also be required to indemnify the purchasers of such portfolio investment or underwriters to the extent that any such representations, warranties or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the applicable Equity Fund. In that regard, Limited Partners may be required to return amounts



distributed to them to fund the applicable Equity Fund obligations, including indemnity obligations, subject to certain limitations under the relevant Governing Documents.

### **Credit Risks of Investments in Debt Instruments**

The Equity Funds are permitted to, from time to time, also invest in debt securities, which are subject to credit and interest rate risks. “Credit risk” refers to the likelihood that an obligor will default on the payment of principal and/or interest on a debt investment. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt investment may affect its credit risk. Credit risk may change over the life of an investment. Debt investments that are rated by rating agencies (potentially including any investments acquired by the Funds through syndicated debt markets) are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such investment. “Interest rate risk” refers to the risks associated with market changes in interest rates. Adjustable rate investments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in investments with uncertain payment or prepayment schedules. To the extent, an Equity Fund makes a debt investment, the risks generally applicable to a debt investment will apply to such Equity Fund. For additional details, please refer to “*Credit Strategy Risks*” below.

### ***Perennial Strategy Risks***

#### **Risk in Effecting Operating Improvements**

In some cases, the success of the Perennial Fund’s investment strategy will depend, in part, on the ability of Vista to restructure and 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. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that Vista will be able to successfully identify and implement such improvements.

#### **Illiquid and Long-Term Investments**

Many of the portfolio investments of the Perennial Funds will be highly illiquid and there can be no assurance that the Perennial Fund will be able to realize returns on such portfolio investments in a timely manner or at all. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to the Limited Partners of the Perennial Fund. Although portfolio investments by the Perennial Fund are expected to generate current income, the return of capital and the realization of gains to the Perennial Fund and the partners, if any, from a portfolio investment may occur only upon the partial or complete dissolution of such investment or the occurrence, if any, of a liquidity event. While a portfolio investment may be sold



at any time, it is not generally expected that this will occur for a number of years after such portfolio investment is made or at all. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The Perennial Fund will generally acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act, or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, the Perennial Fund may be prohibited by contract from selling certain securities for a period of time.

Even where the Perennial Fund holds freely tradable publicly traded securities, the Perennial Fund's position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when the Perennial Fund wishes to dispose of or reduce its position in such company by selling shares into the market. Furthermore, the expenses of operating the Perennial Fund's may exceed its income, thereby requiring that the difference be paid from the Perennial Fund's capital, including, without limitation, unfunded commitments. The Perennial Fund's indefinite term and perpetual structure may result in the Perennial Fund making longer-term investments than might be made by a fund with a shorter duration.

### **Investments in Privately Held Companies**

The Perennial Fund's investment portfolio generally will consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

### **Investments in Restructurings**

The Perennial Fund is permitted to make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such portfolio companies to become subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Perennial Fund to certain additional potential liabilities that may exceed the value of the original investments. For example, under certain circumstances, a lender who has inappropriately exercised control over the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Perennial Fund and distribution by the Perennial Fund to the Limited Partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment, or similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court's discretionary power to disallow, subordinate, or disenfranchise particular claims.



## **Bridge Financings**

From time to time, the Perennial Fund is permitted to provide interim financing, including in connection with any co-investment opportunities allocated to Limited Partners or third-party co-investors, to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Perennial Fund's control, such long-term securities may not be issued, or such co-investment may not occur, and such bridge loans may remain outstanding. In such event, the interest rate on such loans or the terms of such interim investments may not adequately reflect the risk associated with the unsecured position taken by the Perennial Fund.

## **Contingent Liabilities upon Disposition**

In connection with the disposition of a portfolio investment, the Perennial Fund and the General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, e.g., about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. The Perennial Fund may also be required to indemnify the purchasers of such portfolio investment or underwriters to the extent that any such representations, warranties or disclosure documents turn out to be inaccurate. These arrangements may result in contingent liabilities, which shall be borne by the Perennial Fund.

## ***Credit Strategy Risks***

### **Volatility of Leveraged Loan and Credit Markets**

Significant risks for the Credit Funds and their Investors exist as a result of the potential for disruptions in the credit markets. These risks include, among others, (i) the likelihood that a Fund may find it more difficult to sell any of its investments in the secondary market, thus rendering it more difficult to dispose of such investments if and when it desires to sell them, (ii) the possibility that the price at which investments can be sold by a Fund will have deteriorated from the cost of such investment, (iii) the possibility of accelerated prepayments of attractively priced (*i.e.*, the all-in yield), structured or performing investments as a result of increased liquidity and competition in the middle-market private debt asset class driven by economic conditions, relative performance, monetary policy or other governmental action or other factors and (iv) the impact of adverse economic conditions on the obligors of a Fund's investments. These risks may affect the returns, if any, to the Investors or the ability of the Funds to return any or all of the Investors' capital contributions.

Disruptions in the credit markets may reduce opportunities for the Credit Funds to make investments and may also heighten refinancing risk in respect of maturing Credit Fund





investments. Any events that cause a deterioration in loan performance generally may affect the returns, if any, to the Limited Partners or the ability of the Credit Funds to return any or all of the relevant Limited Partners' capital contributions.

Negative macroeconomic conditions may adversely affect the credit rating (if any), performance and the realization value of Credit Fund investments. It is possible that Credit Fund assets will experience higher default rates and lower recovery rates than anticipated and that performance will be materially worse than expected.

The bankruptcy or insolvency of a major financial institution may have a material adverse effect on the Funds, particularly if such financial institution is the administrative agent of a Fund investment or is otherwise the counterparty to a contract with a Fund (including a hedging-related contract). In addition, the bankruptcy, insolvency or financial distress of one or more additional financial institutions, or one or more sovereigns, could trigger additional disruptions in the global credit markets or the global economy which could have a material adverse effect on the Funds and their investments.

### **Credit Risks of Investments in Debt Instruments**

The Credit Funds will primarily invest in senior secured loans, subordinated debt and other debt and debt-related instruments senior to common equity and equity securities, which are subject to credit and interest rate risks. "Credit risk" refers to the likelihood that an obligor will default on the payment of principal and/or interest on a debt investment. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt investment may affect its credit risk. Credit risk may change over the life of an investment. Debt investments that are rated by rating agencies (potentially including any investments acquired by the Funds through syndicated debt markets) are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such investment. "Interest rate risk" refers to the risks associated with market changes in interest rates. Adjustable rate investments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors. Interest rate sensitivity is generally more pronounced and less predictable in investments with uncertain payment or prepayment schedules.

### **Interest Rate Risk**

Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of such investments in the Credit Funds' portfolios. The ability of companies or businesses in which the Credit Funds may invest to refinance debt instruments or repay debt obligations (including making payments to the Credit Funds as creditors with respect thereto) may depend on their ability to obtain financing, including by selling new securities or

instruments in the high yield debt or bank financing markets, which at certain points over the last several years have been extraordinarily difficult to access at favorable rates. Volatility and instability in the securities market may also increase the risks inherent in the investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. While interest rates are currently expected to remain at favorable rates in the near term, there is a consensus that the U.S. Federal Reserve will at some point in the future tighten the monetary supply and increase benchmark interest rates, which may have a negative impact on the price of debt instruments globally and could adversely affect the value of the Investments. Additional factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, international disorders, and instability in domestic and foreign financial markets. The Credit Funds expect that they will periodically experience imbalances in their assets and liabilities as a result of changes in interest rates. In a changing interest rate environment, the Credit Funds may not be able to manage this risk effectively. If the Credit Funds are unable to manage interest rate risk effectively, the Credit Funds' performance could be adversely affected. While the Credit Funds may seek to do so, the Credit Funds are not required to hedge their interest rate risk.

### **Nature of Investment in First Lien Senior Loans**

The assets of the Credit Funds' portfolios may include first lien senior secured debt, including term loans and revolving loans and may pay interest at a fixed or floating rate.

The Credit Funds are permitted to acquire interests in first lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Credit Funds acquire loans pursuant to an assignment, it is possible that the Credit Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee.

Some of the senior secured loans acquired by the Credit Funds may be rated below investment grade or may not be rated by a credit rating agency. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity for the investments therein.

The factors affecting an issuer's first lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other debt of an issuer.



Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. The imposition of prior liens on the Credit Funds' collateral would adversely affect the priority of the liens and claims held by the Credit Funds and could adversely affect the Credit Funds' recovery on its investments.

Further, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring, or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments, and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity.

Senior secured credit facilities are often syndicated to a number of different financial market participants. The documentation governing the facilities typically require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. Senior secured loans are also subject to other risks, certain of which may be even more pronounced for the Credit Funds as a result of its debt investments in portfolio companies of the Equity Funds and the Perennial Fund, causing unsecured creditors to seek remedies in order to limit the Credits Funds' potential recovery, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance"; (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) so-called "lender liability" claims by the issuer of the obligations; (v) environmental liabilities that may arise with respect to collateral securing the obligations; (vi) recharacterization claims in which certain creditors may seek to have the Credit Funds' debt positions recharacterized as equity and therefore subordinate the Credit Funds' claims to such creditors' claims; and (vii) designating the vote under a Chapter 11 of the Bankruptcy Code plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

The Credit Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Credits Funds earlier than expected.

### **Nature of Investment in Second Lien Senior Loans**

The assets of the Credit Funds' portfolios may include second lien senior secured debt, including term loans and revolving loans and may pay interest at a fixed or floating rate. The investments in second lien senior loans may be unsecured and will rank behind the issuer's secured indebtedness, including first lien senior loans.

The Credit Funds are permitted to acquire interests in second lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Credit Funds acquire loans pursuant to an assignment, it is possible that the Credit Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee.

Some of the second lien senior secured loans acquired by the Credit Funds may be rated below investment grade or may not be rated by a credit rating agency. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in senior secured loans trading will provide an adequate degree of liquidity for the investments therein.

Second lien loans are also subject to other risks and can cause unsecured creditors to seek remedies in order to limit the Credit Funds' potential recoveries of such investments, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance"; (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt in the 90 days before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) so-called "lender liability" claims by the issuer of the obligations; (v) environmental liabilities that may arise with respect to collateral securing the obligations; (vi) recharacterization claims in which certain creditors may seek to have the Credit Funds' debt positions recharacterized as equity and therefore subordinate the Credit Funds' claims to such creditors' claims; and (vii) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 of the Bankruptcy Code plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

The Credit Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Credit Funds earlier than expected. Second lien loans of the type targeted by the Credit Funds generally have maturities ranging from five to seven years. It is common for second lien debt to be repaid prior to its maturity; thus, the actual duration of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted, and the timing of prepayments cannot be predicted with any accuracy. The degree to which issuers prepay senior debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the issuer's financial condition, and competitive market conditions among lenders.



## **Nature of Investment in Unitranche Debt**

The Credit Funds are permitted to invest in unitranche debt, which is an instrument that combines senior secured debt and subordinated debt into a single debt instrument. Unitranche loans are subject to similar risks associated with loans in general described herein, but because unitranche loans are a newer form of debt instrument and they have not been fully evaluated through a credit cycle, they subject the relevant Funds to risks that cannot be fully identified at this time. Further, the complex terms of unitranche debt have not yet been widely tested in bankruptcy and workout situations. As a result, default and loss expectations are more difficult to estimate with respect to unitranche debt as compared to other forms of debt instruments such as senior loans and subordinated debt instruments. In particular, in a bankruptcy proceeding involving a unitranche loan, there is a risk that the entire unitranche loan will be viewed as a single secured claim. If the collateral is insufficient to secure the entire unitranche loan, it may be deemed as an unsecured claim in its entirety. The untested nature of unitranche loan arrangements also expose the relevant Funds to heightened risk of litigation among the lender group in the event of bankruptcy.

## **Nature of Investment in Subordinated Debt Instruments**

The Credit Funds' investments in subordinated debt will be unsecured and rank behind the issuer's secured indebtedness. While such subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. For example, under typical subordination terms, secured creditors are able to block the acceleration of the debt or the exercise by debt holders of other rights or remedies they may have as creditors for a period of time. In addition, the unsecured debt in which the Credit Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency. Further, upon any distribution to an issuer's creditors in a bankruptcy, liquidation or reorganization, or similar proceeding, the holders of such issuer's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made with respect to the Credit Funds' subordinated debt investments. In the event of a bankruptcy, liquidation or reorganization, or similar proceeding relating to an issuer, the Credit Funds will participate with all other holders of such issuer's indebtedness in the assets remaining after the issuer has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). An issuer may not have sufficient funds to pay all of its creditors and the Credit Funds may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such issuer or the holders of indebtedness that is not subordinated.



## **Covenant-Lite Loans**

Although Vista generally expects the loan documentation of most of the Credit Fund investments to include both incurrence and maintenance-based covenants, there may be instances in which such investments do not have maintenance financial covenants in the related loan documentation. An investment in such a loan may potentially hinder the ability to re-price credit risk associated with a portfolio company's performance and reduce the creditors' ability to restructure a non-performing loan and mitigate potential loss. Flexible covenants (or the absence of covenants) could cause obligors to experience a significant downturn in their results of operation without triggering any default that would permit holders of directly originated senior secured loans (such as the Funds) to accelerate indebtedness or negotiate terms and pricing. As a result, the Funds' exposure to losses may be increased, which could result in an adverse impact on the return to Investors.

## **Mezzanine and Other Subordinated Investments**

The Credit Funds are permitted to invest in loans, securities and/or other instruments, or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Mezzanine and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated debt is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and is often unsecured.

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the subordinated creditors of their rights. Accordingly, the relevant Funds may not be able to take the steps necessary to protect their investments in a timely manner or at all. Further, the unsecured debt in which certain Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency.

Subordinated debt investments may increase a relevant Fund's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy or deterioration in the condition of the obligor on the subordinated debt investment. Conversely, mezzanine loans and other subordinated debt investments are often less risky than equity investments because the claims of subordinated debt investors are typically senior to those of equity holders in the

company. In the event that any obligor of a mezzanine loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of the relevant Fund's investment in such loan could be significantly reduced or even eliminated.

If an obligor becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of mezzanine and subordinated debt may be adversely affected. Such proceedings and related laws and remedies vary substantially from jurisdiction to jurisdiction, may create the right of such obligor to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to a relevant Fund. With respect to a Fund's investments in the form of subordinated debt obligations, upon any distribution to the relevant borrower's creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such borrower's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on such investment. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to such a borrower, a relevant Fund will typically participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such borrower may not have sufficient funds to pay all of its creditors, and a relevant Fund may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such borrower or the holders of indebtedness that is not subordinated.

### **Investments in Convertible Debt**

The Credit Funds are permitted to invest in convertible debt securities. There is no minimum credit standard that is a prerequisite to the Credit Funds' investment in any security, and most debt securities and preferred stock that offer potential for capital appreciation are likely to be non-investment grade.

### **Unfunded Loans**

Certain Fund investments may be comprised of loan commitments that are unfunded at the time of investment. A loan commitment is a written agreement in which the lender commits itself to make a loan or loans up to a specified amount within a specified time period. The loan commitment sets out the terms and conditions of the lender's obligation to make the loans. The portion of the amount committed by a lender under a loan commitment that the borrower has not drawn down is referred to as "unfunded." A lender typically is obligated to advance the unfunded amount of a loan commitment at the borrower's request, subject to certain conditions regarding the creditworthiness of the borrower. Borrowers with deteriorating creditworthiness may continue to satisfy their contractual conditions and therefore be eligible to borrow at times when the lender might prefer not to lend. In addition, a lender may have assumptions as to when a company in which a Fund invests may draw on an unfunded loan commitment when the lender enters into



the commitment. If the borrower does not draw as expected, the commitment may not prove as attractive an investment as originally anticipated. Further, any failure to advance requested funds to a company in which a Fund invests could result in possible assertions of offsets against amounts previously lent.

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

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

### **Zero-Coupon and Deferred Interest Bonds**

Certain Funds may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

### **Equitable Subordination**

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer





to the detriment of other creditors of such borrower or issuer; (ii) engages in other inequitable conduct to the detriment of such other creditors; (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors; or (iv) uses its influence as a stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). Due to the nature of the debt obligations, the Credit Funds may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated. This equitable subordination risk may particularly result from the Credit Funds investing in debt securities of portfolio companies of Equity Funds and the Perennial Fund. Particularly, in a bankruptcy proceeding, a Credit Fund’s interest in a portfolio company may be subordinated or otherwise adversely affected by virtue of such Equity Fund’s or Perennial Fund’s involvement.

### **Non-Performing Nature of Debt**

It is anticipated that certain debt instruments purchased by the Credit Funds will be non-performing and possibly in default at the time of such purchase. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to the loans.

### **Low Credit Quality Securities**

The Credit Funds are permitted to invest in securities that may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, a Credit Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard that is a prerequisite to the Credit Funds’ investment in any security. The debt securities in which the Credit Funds are permitted to invest may be rated lower than investment grade and hence may be considered to be “junk bonds” or distressed securities.

### **Distressed Credit**

The Credit Funds are permitted to invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the U.S. Bankruptcy Court’s power to disallow, reduce, subordinate, or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic market movements and above-



average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets.

### **Participation Interests**

The Credit Funds are permitted to purchase participation interests in debt instruments that do not entitle the holder thereof to direct rights against the obligor. Participations held by a Fund in a selling institution's portion of a debt instrument typically result in a contractual relationship only with such selling institution, not with the obligor. Such Fund would have the right to receive payments of principal, interest, and any fees to which it is entitled only from the institution selling the participation and only upon receipt by such selling institution of such payments from the obligor. In connection with purchasing participations, a relevant Fund generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement, nor any rights of set-off against the obligor and such a Fund may not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation. As a result, such a Fund will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such selling institution, such a Fund may be treated as a general creditor of such selling institution and may not benefit from any set-off between such selling institution and the obligor. Moreover, when a Fund holds a participation in a debt instrument, it may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if the Fund does not vote as requested by the selling institution, it may be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the relevant Fund, and such selling institutions may not consider the interests of the relevant Fund in connection with their votes.

### **Assignments**

The Credit Funds are also permitted to purchase assignments, which are arrangements whereby a creditor assigns an interest in a loan to a Fund. The purchaser of an assignment typically succeeds to all the rights and obligations of the assignor of the loan and becomes a lender under the loan agreement and other operative agreements relating to the portfolio investment. Assignments are, however, arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assignor of the loan. In contrast to the rights of the Fund as an owner of a participation, such Fund, as an assignee, will generally have the right to receive directly from the obligor all payments of principal, interest, and any fees to which it is entitled. In some assignments, the obligor may have the right to continue to make payments to the assignor with respect to the assigned portion of the loan. In such a case, the assignor would be obligated to receive such payments as agent for such Fund and to promptly pay over such amounts as are received. As a purchaser of an assignment, a Fund typically will have the same voting rights as other lenders under the applicable loan agreement and will have



the right to vote to waive enforcement of breaches of covenants. Such Fund will also have the same rights as other lenders to enforce compliance by the obligor with the terms of the loan agreement, to set-off claims against the obligor and to have recourse to collateral supporting the portfolio investment. As a result, such Fund may not bear the credit risk of the assignor and the insolvency of an assignor of a loan should have little effect on the ability of such Fund to continue to receive payments of principal, interest or fees from the obligor. Such Fund will, however, assume the credit risk of the obligor.

### **Warrants**

The Funds may receive warrants, and in certain circumstances, may be required to exercise such warrants in order to hold the underlying securities. The relevant Fund would seek to negotiate “cashless” exercise for all warrants that it receives, whereby no investment will be required to convert; however, on occasion it may not be possible to negotiate such “cashless” exercise, and a Fund may be required to invest cash to convert warrants and hold underlying securities, which may subsequently lose some or all of their value.

### **Cross-Collateralization**

The Funds are permitted to engage in financing transactions where several investments are cross collateralized, thereby subjecting multiple investments to the risk of loss. As a result, the Funds could lose their interests in performing investments in the event such investments are cross collateralized with poorly performing or non-performing investments.

### **Purchases of Debt on a Secondary Basis**

The Credit Funds are permitted to invest in loans acquired on a secondary basis. To the extent a Fund does so, the Fund is unlikely to be able to negotiate the terms of such debt as part of its acquisition and, as a result, these loans may not include some of the covenants and protections the Fund may generally seek. Even if such covenants and protections are included in the investments held by such Fund, the terms of the loans may provide obligors substantial flexibility in determining compliance with such covenants. In addition, the terms on which loans are traded on the secondary market may represent a combination of the general state of the market for such investments and either favorable or unfavorable assessments of particular investments by the sellers thereof.

### **Priority of Repayment**

The characterization of an investment as senior debt or senior secured debt does not mean that such debt will necessarily have repayment priority with respect to all other obligations of a borrower. Borrowers may have, and/or may be permitted to incur, other debt and liabilities that rank equally with or senior to the senior loans in which a Fund invests. If other indebtedness is

incurred that ranks in parity in right of payment or proceeds of collateral with respect to senior loans in which a Fund invests, such Fund would have to share on an equal basis any distributions with other creditors in the event of a liquidation, reorganization, insolvency, dissolution or bankruptcy of such a borrower. Where a Fund holds a first lien to secure senior indebtedness, the borrowers may be permitted to issue other senior loans with liens that rank junior to the first liens granted to such Fund. The intercreditor rights of the holders of such other junior lien debt may, in any liquidation, reorganization, insolvency, dissolution or bankruptcy of such a borrower, affect the recovery that a Fund would have been able to achieve in the absence of such other debt.

Even where the senior loans held by a Fund is secured by a perfected lien over a substantial portion of the assets of a borrower and its subsidiaries, the borrower and its subsidiaries will often be able to incur a substantial amount of additional indebtedness, which may have an exclusive lien over particular assets. For example, debt and other liabilities incurred by non-guarantor subsidiaries of borrowers will be structurally senior to the debt held by such Fund. Accordingly, any such debt and other liabilities of such subsidiaries would, in the event of liquidation, dissolution, insolvency, reorganization or bankruptcy of such subsidiary, be repaid in full before any distributions to an obligor of the loans held by such Fund. Furthermore, these other assets over which other lenders have a lien may be substantially more liquid or valuable than the assets over which a Fund has a lien. A Fund's investment in second-lien secured debt would further compound the risks described in this paragraph.

### **Securitization Vehicles**

Certain of the Credit Funds' investments include CLO products and other securitizations (including "equity" interests thereof; and in such cases a double layer of fees and expenses may be borne by Investors in such Funds), which are generally limited recourse obligations of a portfolio company ("Securitization Vehicles") payable solely from the underlying assets ("Securitization Assets") of an obligor or the proceeds thereof. Consequently, holders of equity or other instruments or obligations issued by Securitization Vehicles must rely solely on distributions on the Securitization Assets or proceeds thereof for payment in respect thereof. The Securitization Assets may include, without limitation, broadly syndicated leverage loans, middle-market bank loans, collateralized debt obligation debt tranches, trust preferred securities or instruments, insurance surplus notes, asset-backed securities or instruments, mortgages, REITs, high-yield bonds, mezzanine debt, second-lien leverage loans, credit default swaps and emerging market debt and corporate bonds, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. As described in greater detail below, Securitization Vehicles will typically be actively managed by Vista or its affiliate, in its capacity as the collateral manager (the "Collateral Manager"), and as a result the Securitization Assets will be traded, subject to rating agency and other constraints, by the Collateral Manager. The aggregate return on the



Fund's investment in Securitization Vehicles will depend in part upon the Collateral Manager's ability to actively manage the related portfolio of Securitization Assets.

Securities issued by Securitization Vehicles represent leveraged investments in the Securitization Assets held by the Securitization Vehicle issuer. The use of leverage creates risk for the holders of Securitization Vehicle securities because the leverage increases their exposure to losses with respect to the Securitization Assets. These risks are magnified when a Fund invests in subordinated Securitization Vehicle securities, as described below under "Risk Relating to Equity in Securitization Vehicles." As a result, the occurrence of defaults with respect to only a small portion of the assets could result in the substantial or complete loss of the investment in the Securitization Vehicle securities. Due to the existence of leverage, changes in the market value of the Securitization Vehicle securities held by a Fund could be greater than the changes in the values of the Securitization Assets of the Securitization Vehicle.

Further, the investments made by a Fund through Securitization Vehicles may involve a high degree of business and financial risk. This risk could arise from changes in the financial condition or prospects of the Securitization Vehicle, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies or political conditions of countries in which investments are made. General fluctuations in the market prices of securities and other obligations as well as interest rates may affect the value of the Securitization Assets underlying the Securitization Vehicle. Volatility and instability in the markets may also increase risk. Securitization Vehicles will directly and indirectly expose a relevant Fund to interest rate risks. In a changing interest rate environment, such Fund may not be able to manage this risk effectively. The Fund may incur major losses in the event of market disruptions and other extraordinary events in which historical pricing relationships become materially distorted.

Investments in Securitization Vehicles are extremely complex and are subject to a number of other risks related to, among other things, the rate of defaults and recoveries in the Securitization Assets, pre-payment rates, terms of Securitization Assets purchased to replace Securitization Assets that have pre-paid, the exercise of remedies by more senior securities issued by the Securitization Vehicles and the possibility that no market will exist if a Fund chose to sell its interests in Securitization Vehicles, as well as the other risks further described below.

### **Risks Relating to the Securitization Assets of Securitization Vehicles**

The success of the Securitization Assets underlying a Securitization Vehicle will depend, in part, on such Securitization Vehicle's ability to acquire Securitization Assets on advantageous terms. Increased competition for, or a diminution in the available supply of, qualifying Securitization Assets may result in lower yields on such Securitization Assets, which could reduce returns on the Securitization Assets, and, therefore, to the relevant Fund.

The terms of Securitization Assets held by a Securitization Vehicle may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the borrower repaying the principal on such Securitization Assets earlier than expected, either with no or a nominal prepayment premium. There is no assurance that a Securitization Vehicle will be able to reinvest proceeds received from prepayments in assets that satisfy its investment objective, and any delay in reinvesting such proceeds may affect the performance of such Securitization Vehicle. Conversely, if prepayments do not occur within the expected time frame, the life of the Securitization Vehicle may be longer than expected.

In addition, a Securitization Vehicle may invest in Securitization Assets that are rated below investment grade by the various credit rating agencies. Securitization Assets rated below investment grade are perceived to be subject to greater risk of loss of principal and interest than higher rated Securitization Assets and are generally considered to be predominantly speculative with respect to the borrower's capacity to pay interest and repay principal.

### **Risk Relating to Equity in Securitization Vehicles**

The Credit Funds' investments may include direct or indirect equity interests in a Securitization Vehicle ("Securitization Vehicle Equity"). Securitization Vehicle Equity represents residual or other subordinated interests in the Securitization Vehicle issuer. Securitization Vehicle Equity is payable solely from the available proceeds from the Securitization Assets held by the Securitization Vehicle. Securitization Vehicle Equity is not secured, and the relevant Funds would have to rely solely upon distributions on the Securitization Assets for repayment. If distributions on such assets are insufficient to pay fees and expenses, to make payments on the debt securities of the Securitization Vehicle or to pay distributions on the Securitization Vehicle Equity in accordance with the applicable priority of payments, no other assets will be available for the payment of the deficiency.

Payments of principal of, and interest on, secured notes issued by Securitization Vehicles, and dividends and other distributions on Securitization Vehicle Equity, are subject to such Securitization Vehicle's priority of payments. Securitization Vehicle Equity is subordinated to the prior payment of all obligations under debt securities issued by a Securitization Vehicle. Thus, the greatest risk of loss relating to defaults on the Securitization Assets held by Securitization Vehicles is borne by the Securitization Vehicle Equity.

Additionally, a Credit Fund's interest in Securitization Vehicle Equity may be subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities may be extremely volatile and the relevant Fund may not be able to sell them or cause them to be sold when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.



## **Risks Related to Management of Securitization Vehicles**

The Collateral Manager of a Securitization Vehicle has the discretion to make collateral management decisions for the Securitization Vehicle, including with respect to asset selection, disposition and amendments of the underlying Securitization Assets. In exercising that discretion, the Collateral Manager is responsible for acting solely in the best interests of the Securitization Vehicle, not the Credit Funds' or any Limited Partner. The Limited Partners will have no right to compel the Collateral Manager to take or refrain from taking any actions or decisions, and the actions or decisions taken by the Collateral Manager may expose the Limited Partners to losses on a Credit Fund's interest in the Securitization Vehicle.

The investment decisions of the Collateral Manager will be based primarily upon economic, not tax, considerations, and could result, from time to time, in adverse tax consequences to the relevant Fund. There can be no assurance that any investment decision made by the Collateral Manager will be tax-efficient for any particular Limited Partner.

In addition, rights to consent to amendments to the Governing Documents of Securitization Vehicles and to remove or replace the Collateral Manager and enforce other rights and remedies after events of default will be shared among, or require the consent of, multiple classes and may be controlled by the more senior classes of the Securitization Vehicle's securities. Thus, even if a Fund directly or indirectly holds a majority or all of the Securitization Vehicle Equity and other subordinated securities of the Securitization Vehicle, it may not be able to enforce any such rights under the Governing Documents of the Securitization Vehicle without the consent of the holders of the Securitization Vehicle's more senior securities.

## **Equity Investments**

The Credit Funds are generally permitted to invest in common and preferred stock and other equity securities (potentially in connection with providing debt financing to issuers of such equity securities). Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other liabilities of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In addition, these equity securities may be illiquid or trade at significant discounts to otherwise comparable investments. Equity securities may not produce current income for the Credit Funds and may be highly speculative.

## **Special Situations Investments**

The Credit Funds are permitted to provide financing to companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies and similar transactions. In any investment transaction involving any such type of business enterprise, there exists the risk that the transaction in which such





business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price paid by the relevant Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if such an anticipated transaction does not in fact occur, the relevant Funds may lose all or a material portion of its investment. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Credit Funds may invest, there is a potential risk of loss by the Credit Funds of their entire investment in such companies. In connection with such transactions (or otherwise), the Credit Funds may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization or debt restructuring. The purchase price and/or interest rate receivable with respect to a when-issued security are fixed when a Credit Fund enters into the commitment. Such securities are subject to a change in value prior to their delivery.

#### **Non-Payment of Principal and Interest; Adequacy of Collateral**

The Credit Funds' investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Credit Funds and a reduction in the value of the senior secured loans experiencing non-payment. Although the Credit Funds may invest in portfolio companies that the General Partner believes are secured by specific collateral the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated.

#### **Default Rates of Loans and High-Yield Securities**

The Credit Funds are permitted to invest in high-yield loans and other securities. The historical performance of the high-yield market or the leveraged loan market is not necessarily indicative of its future performance, and the numerous methods for calculating default rates leave a significant amount of uncertainty in the potential profitability of the Credit Funds' investment in such instruments. Should increases in default rates occur with respect to the securities in which the Credit Funds invests, the actual default rates of the securities held by the Credit Funds may exceed those of the calculation methodology used by the General Partner in determining to purchase such securities, resulting in substantial losses to the Credit Funds.

#### **Limited Amortization Requirements**

The Credit Funds are permitted to invest in loans that have limited mandatory amortization requirements. While these loans may obligate a portfolio company to repay the loan out of asset





sale proceeds or with annual excess cash flow, repayment requirements may be subject to substantial carve outs that would allow a portfolio company to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that an issuer will not be able to repay or refinance the loans held by the Credit Funds when it matures.

### **Time Required for Maturity of Investments**

Certain investments may have maturities longer than the maturity of the Credit Funds. Furthermore, the Credit Funds may, in connection with collateral held by the respective Credit Fund acquire non-marketable common or preferred equity securities and other illiquid assets with equity participation features, which, to the extent that they have value at all, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant distributions to Limited Partners will occur for a number of years from the date of the applicable capital contributions, and certain investments may be disposed of upon dissolution of the Credit Funds for less than their potential value.

### **Participation on Creditors' Committees**

The Credit Funds may serve on committees formed by creditors ("Creditors' Committees") to negotiate with the management of financially troubled companies that may or may not be in bankruptcy. The Credit Funds may also seek to negotiate directly with debtors with respect to restructuring issues. Even if a Credit Fund chooses to join a Creditors' Committee, there can be no assurance that the Credit Fund would be successful in obtaining results favorable to it in such proceedings, and the Credit Fund may incur significant legal fees and/or other expenses in attempting to do so, as Creditors' Committees generally consist of many participants, each of which attempts to obtain an outcome that is in its individual best interests. As a result of a Credit Fund's service on such Creditors' Committees, a Credit Fund may be deemed to have duties to other creditors represented by the Creditors' Committees, which might thereby expose a Credit Fund to liability to such other creditors who disagree with the Credit Fund's actions.

The General Partner, on behalf of the Credit Funds, may elect to serve on Creditors' Committees or other groups to ensure preservation or enhancement of a Credit Fund's position as a creditor. A member of any such Creditors' Committee or group may owe certain obligations generally to all parties similarly situated that the Creditors' Committee represents. Additionally, if a Credit Fund is represented on a Creditors' Committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in the subject company while it continues to be represented on such Creditors' Committee or group.



## Warehousing and Syndication of Investments

In order to facilitate an investment, the General Partner, the Credit Funds and/or other Vista entities are permitted to make (or commit to make) such investment with a view to selling a portion of such investment to co-investors or other persons (including other Vista entities or potential other Vista entities) in the future. Where a Credit Fund does so, such investments will be sold at their fair market value, as determined by the General Partner. Given the nature of credit investments, a determination of fair market value may often times be the same as the cost value at which the Credit Fund purchased the investment. The General Partner shall also determine (in its sole discretion) what fees and/or compensation, if any, the Credit Fund will receive in connection with holding an investment for a period of time. Such fees and/or compensation may include, but is not limited to, such Credit Fund retaining all or a portion of the accrued interest or other income and fees attributable to the portion of such investment until such sale or transfer. The fees or compensation payable in respect of a sale to a Vista entity may be lower than the fees or compensation the General Partner could achieve if sold to a third party, either due to the Governing Documents of such Vista entity or regulatory obligations applicable to the General Partner and its affiliates when engaging in a transaction of this nature. If a Credit Fund makes such an investment, the Credit Fund will bear the risk that any or all of the excess portion of such investment may not be sold or financed or may only be sold or financed on unattractive terms and that, as a consequence, the Credit Fund may bear the entire portion of any fees, costs and expenses related to such investment, hold a larger than expected investment or may realize lower than expected returns from such investment. The General Partner endeavors to address such risks by seeking to have such investments be in the best interests of the Credit Fund, regardless of whether any sell-down or financing ultimately occurs. To the extent such transaction constitutes a principal transaction or a cross-fund transaction, the General Partner will obtain the necessary consents required. See “Risk Factors - Principal Transactions” and “Risk Factors - Cross Trades with Vista Clients” for more information.

Additionally, in order to facilitate an investment, Vista is permitted to purchase a portion of an investment in which a Credit Fund is investing with a view to selling such investment to a Vista entity or potential Vista entity. Such investment by Vista will not generally be made until all eligible Credit Funds have been allocated a portion of such investment pursuant to Vista’s policies and procedures regarding allocation, which may be amended from time to time (“Allocation Policy”). It is possible that the Vista may not ultimately be able to sell or transfer such investment to a Vista entity or potential Vista entity, which may result in Vista holding the investment longer than expected as a co-investment with the Credit Funds or Vista selling the investment to a third party prior to a sale by the Credit Funds, which sale or transfer may be on unattractive terms that could negatively impact the value of such investment.



### **Inability to Vote Certain Positions**

As a result of voting agreements or other arrangements relating to certain obligors and the investments held by the Credit Funds, a Credit Fund may be subject to restrictions on its ability to vote or take other actions with respect to certain obligors and/or investments. In such situations, the General Partner may not be able to vote or take other actions with respect to investments in the manner that it otherwise would believe to be in the best interests of the Credit Fund.

### **Impact of Leverage**

Investments by the Credit Funds are expected to include obligors whose capital structures may have significant leverage. These investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of these investments will increase the exposure of such obligors to adverse economic factors such as downturns in the economy or deterioration in the condition of the obligor or its industry.

Certain Credit Funds intend to use leverage by incurring liabilities to finance a portion of their investments under one or more leverage facilities. Such leverage facilities may be incurred directly or indirectly, including through subscription facilities or financing subsidiaries of the Credit Funds, respectively. They may take the form of, without limitation, products issued by Securitization Vehicles, as described herein, and other financial instruments described herein, such as derivative instruments that are inherently leveraged. A Credit Fund's use of leverage generally magnifies both its opportunities for higher returns and its risk of loss from a particular investment. Accordingly, any event that adversely affects the value of an investment by a Credit Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by a Credit Fund in a market that moves adversely to the investments could result in a loss to the Credit Fund that would be greater than if leverage had not been used. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines, among other factors), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. To the extent that a Credit Fund engages in any leveraging, it will be subject to the risks normally associated with debt financing, including the insufficiency of cash flow to meet principal and interest payments. Leveraging the capital structure will mean that third parties, such as banks, may be entitled to the cash flow generated by such investments prior to the Credit Fund receiving a return. The use of a leverage facility by the Credit Fund will also result in interest expenses, fees and other costs to the Credit Fund that may not be covered by interest payments and fees generated by the Credit Fund from its investments. The use of leverage may impose restrictive financial and operating covenants on the Credit Fund, in addition to the burden of debt service, and may impair the Credit Fund's ability to operate its business as desired and/or finance future capital needs. The use of leverage may magnify the volatility of changes in the value of Investments. To the extent that the Credit Fund cannot source leverage on attractive terms or does not otherwise employ long-term leverage (or employs less leverage than originally



anticipated), the Credit Fund's investment returns may be lower than those that might have been achieved using long-term leverage.

### ***Hedge Fund Risks***

#### **Limited Operating History / Different Series**

The Hedge Fund has a limited operating history. The results of other investment funds formed, and accounts managed by Vista or the members of Vista currently or in the past, which have or have had an investment program that is different from or similar to the investment program of the Hedge Fund, are not indicative of the results that the Hedge Fund may achieve. The Hedge Fund offers multiple series of interests that are identical to each other, with the exception of the incentive allocations and the applicable liquidity terms.

#### **Turnover**

The Hedge Fund is permitted to invest on the basis of certain short-term market considerations. The turnover rate within the Hedge Fund may be significant, potentially involving substantial brokerage commissions, fees, and other transaction costs.

#### **Possible Effect of Withdrawals**

Investors may withdraw capital from their respective capital accounts in accordance with the terms of the relevant Governing Documents. To the extent that one or more other funds or accounts managed by Vista may also be invested in the same or related positions as the Hedge Fund, and Investors in such funds or accounts may also withdraw or redeem their investments in such funds or accounts, a significant redemption or withdrawal from the Hedge Fund or such other fund or account could require the Hedge Fund or such other fund or account to liquidate investments more rapidly than otherwise desirable to raise the necessary cash to fund the redemptions or withdrawals and to achieve an investment allocation appropriately reflecting a smaller portfolio. This may adversely impact the market prices of any remaining positions in the Hedge Fund's portfolio and may also cause a temporary imbalance in the Hedge Fund's portfolio, either of which may adversely affect the remaining Investors.

#### **Special Investment Risk**

Participating Investors may, because of their indirect participation in "special investments," be exposed to different or possibly greater risks than Investors who elect not to participate in "special investments." In particular, the circumstances that may lead an existing investment to be designated as a "special investment" may coincide with an increased level of risk, whether related to decreased liquidity or any other unusual or adverse condition. In the event that an existing investment is designated as a "special investment," only Investors electing to participate will



participate in such investment following its designation as a “special investment” and be exposed to any related increased level of risk associated with such investment. Similarly, Investors who have elected not to participate in “special investments” will cease indirect participation in an investment at the time that it is designated as a “special investment,” and consequently will experience neither the risk nor the potential benefit of participation in such “special investment.” Because participating Investors and non-participating Investors will be exposed to different risks, it is probable that participating Investors' returns will differ, perhaps materially, from the returns experienced by non-participating Investors. Although participation in “special investments” generally would be expected to increase both an investor's risk of loss and its possibility of return, it is not possible to predict whether participation or non-participation will be more beneficial to any investor.

### **Credit Facilities**

The Hedge Fund is also permitted to utilize credit facilities to fund withdrawals or subscriptions receivable, for portfolio management purposes or for the implementation of certain investments. Should such credit facilities be utilized, the Hedge Fund would be subject to greater risk than if it did not utilize such credit facilities. Moreover, the Hedge Fund would incur additional interest and other expenses with respect to such facilities. If any such credit facility provider were to accept the Hedge Fund's assets as collateral and were to require the Hedge Fund to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of the Hedge Fund and have adverse tax and economic effects on the Hedge Fund.

### **Institutional Risk**

Institutions, such as brokerage firms, banks, or limited partnerships, generally will have custody of the assets of the Hedge Fund. Often these assets are not registered in the name of the Hedge Fund. Bankruptcy, fraud, or poor capitalization at one of these institutions could impair the operational capabilities or the capital position of the Hedge Fund.

### **Mutual Funds and ETFs**

The Hedge Fund is permitted to invest in Mutual Funds and ETFs. Mutual funds and ETFs purchase and sell securities, such as stocks, commodities and bonds (or have exposures to such securities through swaps and other derivative instruments). Some of the mutual funds and ETFs that may be purchased for the Hedge Fund's portfolio may concentrate heavily in a particular asset category or sector. These categories could include, among others, sector funds, blue chip stock funds, small capitalization stock funds, growth funds, bond funds and international funds; such funds may specialize even further on the basis of country or region of the world and engage in the use of leverage and short selling. Investors in mutual funds and ETFs generally bear all of their expenses, including fees of the investment adviser and custodian, brokerage commissions and legal and accounting fees. As a result, Investors will indirectly bear two levels of advisory

compensation – the Management Fee and the Incentive Allocation to Vista and the advisory fee charged by the investment adviser of any mutual funds and ETFs in the Hedge Fund's portfolio. The foregoing fees and expenses may be expected to result in a higher cost of investment than would be the case if Investors were to invest directly in the mutual funds and ETFs in which the Hedge Fund invests. As a result, the returns realized by Investors will be lower, all else being equal, than the returns Investors would realize from engaging in the same activities directly.

### **Derivatives-Related Risks**

The Hedge Fund is permitted to invest in complex derivative instruments that seek to modify or replace the investment performance of particular securities, commodities, currencies, interest rates, indices, or markets on a leveraged or unleveraged basis. These instruments generally have counterparty risk and may not perform in the manner expected by the counterparties, thereby resulting in greater loss or gain to the Hedge Fund. These investments are all subject to additional risks that can result in a loss of all or part of an investment, in particular, interest rate and credit risk volatility, world and local market price and demand, and general economic factors and activity. Derivatives may have very high leverage embedded in them that can substantially magnify market movements and result in losses greater than the amount of the investment.

### **Short Selling**

The Hedge Fund is permitted to engage in short selling as part of its investment strategies. A short sale by the Hedge Fund involves the sale of a security that the Hedge Fund does not own in the hope of purchasing the same security (or a security exchangeable therefor) at a later date at a lower price. To make delivery to the buyer, the Hedge Fund must borrow the security, and is obligated to return the security to the lender, which is accomplished by a later purchase of the security. The Hedge Fund realizes a profit or a loss as a result of a short sale if the price of the security decreases or increases, respectively, between the date of the short sale and the date on which the Hedge Fund covers its short position (i.e., purchases the security to replace the borrowed security). A short sale involves the theoretically unlimited risk of an increase in the market price of the security that would result in a theoretically unlimited loss.

### **Repurchase Agreements**

The Hedge Fund is permitted to enter into repurchase agreements, by which it buys a security and simultaneously agrees to sell it back later at a predetermined price, or in reverse repurchase agreements, by which the Hedge Fund sells a security and simultaneously agrees to buy it back later at a predetermined price. The repurchase date is usually within seven days after initiating the agreement. If the other party to the repurchase agreement or reverse repurchase agreement becomes insolvent or bankrupt, the Hedge Fund could experience losses due to insufficient collateralization or due to delays and costs of liquidating the collateral or recovering the securities or payment for the securities. If, in the meantime, the value of the securities changes, the Hedge



Fund could experience further losses. Repurchase and reverse repurchase agreements can have effects similar to margin trading and other leveraging strategies.

### **Currency Exchange Exposure**

The Hedge Fund is permitted to make investments denominated in non-U.S. currencies, the prices of which are determined with reference to currencies other than the U.S. dollar. The Hedge Fund, however, values its investments in U.S. dollars. The Hedge Fund may or may not seek to hedge its non-U.S. currency exposure by entering into currency hedging transactions, such as treasury locks, forward contracts, futures contracts and cross-currency swaps. There can be no guarantee that investments suitable for hedging currency or market shifts will be available at the time when the Hedge Fund wishes to use them, or that hedging techniques employed by the Hedge Fund will be effective. Furthermore, certain currency market risks may not be fully hedged or hedged at all.

To the extent unhedged, the value of the Hedge Fund's positions in non-U.S. investments will fluctuate with U.S. dollar exchange rates as well as with the price changes of the investments in the various local markets and currencies. In such cases, an increase in the value of the U.S. dollar compared to the other currencies in which the Hedge Fund makes investments will reduce the effect of any increases and magnify the effect of any decreases in the prices of the Hedge Fund's investments in their local markets and may result in a loss to the Hedge Fund. Conversely, a decrease in the value of the U.S. dollar will have the opposite effect on the Hedge Fund's non-U.S. dollar investments.

### **Securities Lending**

The Hedge Fund is permitted to lend securities to brokers and other institutions to earn additional income. These loans typically are fully collateralized on a daily basis, but the value of the collateral may fall below the value of the loaned securities on any given day. If the other party becomes insolvent or bankrupt, the Hedge Fund could experience losses due to insufficient collateralization or due to delays and costs of liquidating the collateral or recovering the securities or payment for the securities. If, in the meantime, the value of the securities changes, the Hedge Fund could experience further losses.

### **Convertible Securities**

The Hedge Fund is permitted to invest in convertible securities. Convertible securities are preferred stocks or debt obligations that are convertible into common stock. Generally, convertible securities offer lower interest or dividend yields than non-convertible securities of similar quality and less potential for gains or capital appreciation in a rising stock market than other equity securities. Convertible securities tend to be more volatile than other fixed income securities, and the markets for convertible securities may be less liquid than markets for common stocks or



bonds. Convertible securities have both equity and fixed income risk characteristics. Like fixed income securities, the value of convertible securities is susceptible to the risk of market losses attributable to changes in interest rates. The market value of convertible securities tends to decline as interest rates increase. If, however, the market price of the common stock underlying a convertible security approaches or exceeds the conversion price of the convertible security, the convertible security tends to reflect the market price of the underlying common stock. In such a case, a convertible security may lose much or all of its value if the value of the underlying common stock then falls below the conversion price of the security. As the market price of the underlying common stock declines, the convertible security tends to trade increasingly based on its fixed income characteristics, and thus, may not necessarily decline in price as much as the underlying common stock. Additionally, an issuer may have the right to buy back certain of the convertible securities at a time and price that is unfavorable to the Hedge Fund.

### **Fixed Income Securities**

The Hedge Fund is permitted to invest in fixed income securities of U.S. and non-U.S. issuers, as well as derivatives thereon. Fixed income securities pay fixed, variable, or floating rates of interest. The value of fixed income securities in which the Hedge Fund invests may change in response to fluctuations in interest rates. In addition, the value of certain fixed-income securities and bank loans can fluctuate in response to perceptions of creditworthiness, foreign exchange rates, political stability, or soundness of economic policies. Fixed income securities are subject to the risk of the issuer's inability to meet principal and interest payments on its obligations (i.e., credit risk) and are subject to price volatility due to such factors as interest rate sensitivity, market perception of the creditworthiness of the issuer, and general market liquidity (i.e., market risk).

### **Low Quality Credit**

There is no minimum credit standard that is a prerequisite to the Hedge Fund's investment in any security. The Hedge Fund is permitted to invest in securities of issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems or that are involved in bankruptcy or reorganization proceedings. Although these securities may offer the potential for high returns, they also may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability and the U.S. Bankruptcy Court's power to disallow, reduce, subordinate or disenfranchise particular claims. The market prices of such securities are also subject to abrupt and erratic price movements and above-average price volatility, and the spread between the bid and asked prices of such securities may be greater than those prevailing in other securities markets. In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk

that the reorganization either will be unsuccessful (e.g., due to failure to obtain requisite approvals), will be delayed (e.g., until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security the value of which will be less than the purchase price to the Hedge Fund of the security in respect to which such distribution was made.

### **Other Hedging Strategies**

The Hedge Fund may opt to use a variety of financial instruments such as derivatives, options, swaps, caps and floors, and forward contracts, both for investment purposes and for risk management purposes in order to: (i) protect against possible changes in the market value of its investment portfolio resulting from fluctuations in the securities markets and changes in interest rates; (ii) protect the Hedge Fund's unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any such investments; (iv) establish a position as a temporary substitute for other securities; (v) enhance or preserve returns, spreads, or gains on any investment in its portfolio; (vi) hedge the interest rate or currency exchange rate on any of its liabilities or assets; (vii) protect against any increase in the price of any securities the Hedge Fund anticipates purchasing at a later date; or (viii) for any other reason that Vista deems appropriate.

Vista is not required to attempt to hedge portfolio positions in the Hedge Fund and, for various reasons, may determine not to do so. Furthermore, Vista may not anticipate a particular risk so as to hedge against it. While the Hedge Fund may enter into hedging transactions in seeking to reduce risk, such transactions may result in a poorer overall performance for the Hedge Fund than if it had not engaged in any such hedging transaction. For a variety of reasons, Vista may not seek to establish a perfect correlation between such hedging instruments and the portfolio holdings being hedged. Such imperfect correlation may prevent the Hedge Fund from achieving the intended hedge or expose the Hedge Fund to risk of loss. The success of the Hedge Fund's hedging strategy is subject to Vista's ability to correctly assess the degree of correlation between the performance of the instruments used in the hedging strategy and the performance of the investments in the portfolios being hedged. Since the characteristics of many securities change as markets change or time passes, the success of the Hedge Fund's hedging strategy is also subject to Vista's ability to recalculate continually, readjust and execute hedges in an efficient and timely manner. Moreover, it should be noted that the portfolio always is exposed to certain risks that cannot be hedged, such as certain credit risk (relating both to particular securities and counterparties with respect to which credit default swap protection is unavailable), "liquidity" risk and "widening" risk.

### **Investing in Emerging Growth Companies**

The Hedge Fund is permitted to invest in emerging growth companies. These companies are often characterized by short operating histories, new technologies and products, evolving markets, intense competition, and management teams that may have limited experience working together. The products of emerging growth software companies, and of other companies in which

the Hedge Fund may invest, may be unproven at commercial scale. Any such company's ability to succeed will be dependent not only upon its ability to develop the right products for the right market, but to constantly evolve its business to be sure that its products keep pace with changing technologies and markets. Such companies need to implement appropriate sales and marketing, inventory, finance, personnel, and other operational strategies in order to become and remain successful. In addition, emerging growth companies may be more susceptible to macroeconomic effects and industry downturns, including those resulting from acts of terrorism and war.

### **Investments in the TMT Sectors**

The Hedge Fund concentrates its portfolio investments in the TMT sectors. Focusing on a single industry may involve risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The TMT industry is challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short product life cycles, services and/or improvements in existing products. The companies in which the Hedge Fund invests compete in this volatile environment. The value of stocks of technology companies and companies that rely heavily on technology is particularly vulnerable to rapid changes in technology product cycles, rapid product obsolescence, government regulation and competition, both domestically and internationally, including competition from foreign competitors with lower production costs. There is no assurance that products or services sold by such companies will not be rendered obsolete or adversely affected by competing products and services or that such companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. Instability, fluctuation, or an overall decline within the software industry will likely not be balanced by investments in other industries not so affected. In the event that the software sector as a whole declines, investment returns may decrease. Additionally, stocks of technology companies and companies that rely heavily on technology, especially those of smaller, less seasoned companies, tend to be more volatile than the overall market.

### **Competition in the TMT Sectors**

Competitors of the companies in which the Hedge Fund invests range in size from diversified global companies with significant research and development resources to small, specialized firms whose narrower product lines may let them be more effective in deploying technical, marketing, and/or financial resources. Barriers to entry in the software and technology industries are low and software products can be distributed broadly and quickly at relatively low cost. Many of the areas in which such companies participate evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services.

## **Communication Services Sector Risk**

The Hedge Fund is permitted to make significant investments in the communication services sector. Communication services companies are particularly vulnerable to the potential obsolescence of products and services due to technological advancement and the innovation of competitors. Companies in the communication services sector may also be affected by other competitive pressures, such as pricing competition, as well as research and development costs, substantial capital requirements and government regulation. Additionally, fluctuating domestic and international demand, shifting demographics and often unpredictable changes in consumer tastes can drastically affect a communication services company's profitability. While all companies may be susceptible to network security breaches, certain companies in the communication services sector may be particular targets of hacking and potential theft of proprietary or consumer information or disruptions in service, which could have a material adverse effect on their business.

## **Telecommunications Sector Risk**

The Hedge Fund is permitted to make significant investments in the telecommunications sector. The telecommunications industry is subject to extensive government regulation. The costs of complying with governmental regulations, delays, or failure to receive required regulatory approvals or the enactment of new adverse regulatory requirements may affect the business of the telecommunications companies. The telecommunications industry can also be significantly affected by intense competition, including competition with alternative technologies such as wireless communications, product compatibility, consumer preferences, rapid product obsolescence and research and development of new products. Technological innovations may make the products and services of telecommunications companies obsolete. Other risks include uncertainties resulting from such companies' diversification into new domestic and international businesses, as well as agreements by any such companies linking future rate increases to inflation or other factors not directly related to the actual operating profits of the enterprise.

## **Additional Government or Market Regulation**

Market disruptions and the dramatic increase in the capital allocated to alternative asset management during recent years have led to increased governmental as well as self-regulatory organization scrutiny of the hedge fund industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by Congress, as well as the governing bodies of various jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Hedge Fund, Vista, the General Partner, the markets in which they trade and invest, or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material adverse impact on the profit potential of the Hedge Fund, as well as require increased transparency as to the identity of its Investors.



## **Leverage**

While Vista expects that the leverage utilized in the Hedge Fund's investment program will be modest, there are no fixed limits on the amount of leverage that the Hedge Fund may use. To the extent that Vista determines to incorporate leverage in the Hedge Fund's investment program, the Hedge Fund may borrow money and employ other forms of leverage when Vista deems appropriate in seeking to enhance the Hedge Fund's returns, or in order to finance the payment of withdrawal proceeds to withdrawing Investors.

The use of leverage may enable the Hedge Fund to achieve a higher rate of return than would be otherwise possible. Accordingly, the Hedge Fund may employ a modest amount of leverage in order to obtain investment returns. Leverage may take the form of derivative instruments that are inherently leveraged and trading in products with embedded leverage such as options, short sales, swaps, futures, and forwards.

The use of leverage will allow the Hedge Fund to borrow in order to make investments, thereby increasing its exposure to assets, such that its total assets are greater than its capital. The use of leverage will magnify the volatility of changes in the value of the investments of the Hedge Fund. The cumulative effect of the use of leverage by the Hedge Fund in a market that moves adversely to its investments could result in substantial losses to the Hedge Fund, which would be greater than if the Hedge Fund were not leveraged.

## **Reliance on Company Management Teams**

The Hedge Fund's investments are generally passive minority investments, in the context of both publicly-traded investments and investments designated by Vista as "special investments". Although Vista is responsible for monitoring the performance of each investment and seeks to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully. The success of many such companies is heavily dependent on the management of such companies, which is responsible for their day-to-day operations. There can be no assurance that the management team of a company on the date an investment is made will remain the same or continue to be affiliated with the company throughout the period the investment is held. Further, the business and operations of certain companies may often experience rapid organizational change that may strain the performance of such companies' management teams.

## **Reliance on Corporate Management and Financial Reporting**

Vista generally relies on the financial information made available by the companies in which the Hedge Fund invests. Vista generally does not have the ability to independently verify such financial information, and generally is dependent upon the integrity of both the management of



these borrowers and issuers and the financial reporting process in general. Material losses can occur as a result of corporate mismanagement, fraud and accounting irregularities.

### **Suspensions of Trading**

For securities traded on public exchanges, each exchange typically has the right to suspend or limit trading in certain or all securities that it lists. Such a suspension could render it temporarily impossible for the Hedge Fund to liquidate its positions, and thereby expose the Hedge Fund to losses. In addition, there is no guarantee that non-exchange markets will remain liquid enough for the Hedge Fund to close out positions.

### **Investments in Privately Held Companies**

The Hedge Fund also invests (subject to certain limitations in Governing Documents) in securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses. For additional details, please refer to “Equity Strategy Risks” above.

### **Special Purpose Acquisition Companies (“SPACs”)**

The Hedge Fund may opportunistically invest in stock, warrants, and other securities or financial instruments (including through private investments in public equity (“PIPEs”) or forward purchase agreements (“FPAs”)) of or relating to SPACs targeting Transactions (as defined below) involving companies operating in the TMT sectors. While the Hedge Fund may selectively invest in specific securities of a particular SPAC, for those SPACs in which the Adviser has high conviction, the Hedge Fund would expect to invest in a variety of such SPAC's securities, typically including the stock, warrants, and any subsequent PIPE. Holding multiple investments in the same SPAC would magnify the risk of loss to the Hedge Fund.

A SPAC is typically a publicly traded company that raises investment capital via an initial public offering (an “IPO”) for the purpose of acquiring one or more existing companies (or interests therein) via merger, combination, acquisition, or other similar transactions (each, a “Transaction”). If a SPAC needs additional capital in order to complete a Transaction (e.g., the acquisition cost of its target company exceeds the funds available to the SPAC), it may utilize a PIPE or FPA with a select investor or group of investors. If the Hedge Fund purchases shares of a SPAC in an IPO it will generally bear a sales commission, which may be significant. The shares of a SPAC are often issued in “units” that include one share of common stock and one right or warrant (or partial right or warrant) conveying the right to purchase additional shares or partial shares. In some cases, the rights and warrants may be separated from the common stock at the election of the holder, after which they may become freely tradeable. After going public and until a Transaction is completed, a SPAC generally invests the proceeds of its IPO (less a portion retained to cover expenses) in U.S. government securities, money market securities and cash. To the extent the

SPAC is invested in cash or similar securities, this may impact the Hedge Fund's ability to meet its investment objective. If a SPAC does not complete a Transaction within a specified period of time after going public, the SPAC is typically dissolved, at which point the invested funds are returned to the SPAC's shareholders (less certain permitted expenses) and any rights or warrants issued by the SPAC expire worthless. SPACs generally provide their investors with the option of redeeming an investment in the SPAC at or around the time of effecting a Transaction. In some cases, the Hedge Fund may forfeit its right to receive additional warrants or other interests in the SPAC if it redeems its interest in the SPAC in connection with a Transaction.

Because SPACs are essentially blank check companies without operating history or ongoing business other than seeking a Transaction, the value of their securities may be particularly dependent on the quality of their management, particularly their ability to identify and complete a profitable Transaction, which in turn is often highly dependent on the industry reputation and standing of the SPAC sponsor and its affiliates. Some SPACs will pursue Transactions only within certain markets, industries, or regions, which could increase the volatility of an investment in them. In addition, the securities issued by a SPAC, which may be traded in the over-the-counter market, may become illiquid and/or may be subject to restrictions on resale.

Other risks of the Hedge Fund's investments in SPACs include that a significant portion of the capital raised by the SPAC is expended during the search for a target Transaction; an attractive Transaction is not identified at all (or any requisite approvals are not obtained) and the SPAC is required to return any remaining capital to shareholders; a Transaction once identified or effected proves unsuccessful and an investment in the SPAC loses value; the warrants or other rights with respect to the SPAC held by the Hedge Fund expire worthless or are repurchased or retired by the SPAC at an unfavorable price; and an investment in a SPAC, including an associated PIPE or FPA, is diluted by additional later offerings of interests in the SPAC or by other investors exercising existing rights to purchase shares of the SPAC, including through a PIPE or FPA.

## ITEM 9: DISCIPLINARY INFORMATION

Since June 2016, Vista cooperated with a Department of Justice ("DOJ") investigation into the tax reporting of Mr. Robert F. Smith. Vista Equity Partners, its Funds, and portfolio companies were not targets or subjects of the investigation. On October 9, 2020, Mr. Smith resolved this personal tax matter with the DOJ and the Internal Revenue Service without charges pursuant to a non-prosecution agreement ("NPA"). In the NPA, Mr. Smith admitted culpability, agreed to pay full restitution to the government, and agreed to continue cooperating with their broader investigation of a larger tax matter. Additional information regarding the NPA can be accessed in the DOJ's October 15, 2020 press release located at [justice.gov/opa](https://www.justice.gov/opa).





## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described in Item 4 above, Vista organizes and sponsors the Funds, which are private pooled investment vehicles. Each Fund managed by Vista is controlled by an affiliated General Partner. Although Vista provides advisory services to each Fund, the applicable General Partner is responsible for all decisions regarding portfolio transactions of a Fund and has full discretion over the management of such Fund's investment activities.

Vista currently has four affiliated "relying" advisers: Vista Credit Partners, L.P., VFF Management, L.P., VEPF Management, L.P., and VEEF Management, L.P., which file Form ADV together on an umbrella registration in accordance with SEC rules.

In addition, employees and persons acting on behalf of Vista, its affiliated advisers, and the General Partners are subject to the supervision and control of Vista and its Code of Ethics (see Item 11 below) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Investment Advisers Act of 1940 (the "Advisers Act"). For a description of any material conflicts of interest created by the relationship between Vista, its affiliates, and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Additionally, Mr. Robert Smith, the Chairman and Chief Executive Officer of Vista and certain of his family members are associated with, and Mr. Smith currently serves as Chairman of PrivilEdge Capital SA ("PrivilEdge"). From time to time, Vista has and may in the future engage PrivilEdge to place the securities of its Funds with non-U.S. Investors. Any fees and expenses payable to PrivilEdge in connection with such placement will be borne by Vista indirectly through an offset against the Management Fee. Any such fees and expenses will generally be attributed only to the specific Investors brought in by PrivilEdge and will have no impact on any other Investors.

## ITEM 11: CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS, AND PERSONAL TRADING

### **Code of Ethics**

Vista has adopted a written Code of Ethics (the "Code") that is applicable to its partners, officers, employees, and other personnel of Vista as well as officers, employees, and other personnel of its affiliates and certain independent contractors (collectively, "Adviser Personnel"), pursuant to Rule 204A-1 of the Advisers Act. The Code is designed to establish guidelines for professional



conduct, monitor Adviser Personnel's personal securities transactions including certain pre-clearance and reporting obligations, and identify and mitigate conflicts of interest with the Advisers' clients. The Code includes rules of conduct, policies, and procedures to prevent the misuse of material, non-public information in Vista's possession, and personal trading policies. Vista's internal review, including quarterly and annual reporting requirements, and defined rules of business conduct are all intended to prevent or detect potential conflicts of interest.

The Code subjects Adviser Personnel to restrictions on activities and securities trading and requires reporting of information on personal trading activities. Pursuant to the Code, Adviser Personnel are required to file certain periodic reports with Vista as required by Rule 204A-1 under the Advisers Act including initial, and thereafter, annual, holdings reports as well as quarterly transaction reports or equivalent brokerage statements, detailing the securities held, purchased, or sold during the relevant period. Adviser Personnel must pre-clear securities trades, subject to certain exceptions, to allow Vista to adequately identify and address conflicts of interest in a timely manner and prevent the misuse of material non-public information.

As indicated in Item 5 above, Vista and certain employees or officers invest in and alongside the Funds, either through the General Partner, as direct Investors in the Funds, through pooled investment vehicles assembled for employee transactions, or otherwise. A Fund or its General Partner, as applicable, generally reduces all or a portion of the Management Fee and performance-based fees related to investments held by such persons. For further information regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

Vista and its affiliated persons will come into possession, from time to time, of material, non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security, as discussed below. Under applicable law, Vista and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is an Investor with Vista. Accordingly, should Vista or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any public company, Vista would be prohibited from communicating such information, and Vista will have no responsibility or liability for failing to disclose such information to a Fund and/or investors as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser Personnel serving as directors of public companies and may restrict trading on behalf of the Funds.

Adviser Personnel who violate the Code may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, suspension, or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of which they become aware. Adviser Personnel are required to annually certify compliance with the Code.



Vista will make the Code available to any client or prospective client upon request by contacting Vista's Chief Compliance Officer ("CCO"), Gwen Reinke, by phone at (415) 765-6500 or by email at greinke@vistaequitypartners.com.

### **Conflicts of Interest**

Vista and its affiliates engage in a broad range of activities, including investment activities for their own accounts and other Funds, and providing transaction-related, investment advisory, management, VCG and One Vista consulting services, and other services to the Funds, SPACs, portfolio companies and prospective portfolio companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time, conflict with the interests of Vista, other Funds, co-investment vehicles, or their respective affiliates. There can be no assurance that Vista will resolve all conflicts of interest in a manner that is favorable to a Fund and its Investors.

Vista and its affiliates have related advisers that focus on differing investment strategies, although such investment strategies and related Funds may overlap from time to time. In the ordinary course of conducting its activities, the interests may conflict with the interests of Vista, its affiliates, Funds of related strategies, and Funds of unrelated strategies. A description of certain conflicts of interest, as well a description of how Vista addresses such conflicts of interest is below.

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for discussion of other conflicts.

### ***Resolution of Conflicts***

Vista and its affiliates will address all conflicts of interest using their reasonable judgment, but in any case, in their sole discretion. In resolving conflicts, Vista and its affiliates may consider various factors, including the interests of the Funds it advises in the context of both the immediate issue at hand and the longer-term course of dealing among Funds. When conflicts arise between Funds, Vista will seek to mitigate or resolve the conflict. In the case of all conflicts involving a Fund, determination as to which factors are relevant, and the resolution of such conflicts, will be made in Vista's sole discretion. There can be no assurance that Vista will resolve all conflicts of interest in a manner that is favorable to a particular Fund.

The following factors may alleviate, but will not eliminate, conflicts of interest:

- A Fund will not make any investment unless the Adviser believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions, or other provisions contained in the relevant Governing Documents;

- The Equity Funds', Perennial Fund's, and Credit Funds' Governing Documents require these Funds to establish an advisory committee ("Advisory Committee"). The Hedge Fund is required to appoint an Advisory Committee comprised of three members selected in the General Partner's sole discretion and at least a majority of whom will be unaffiliated with Vista where approval is required before the General Partner may take or make certain specified actions or determinations. The Hedge Fund may also establish an investor committee ("Investor Committee") consisting of representatives appointed by Investors and Limited Partners of the Hedge Fund. The Advisory Committees and Investor Committee will provide such advice and counsel as is requested by the relevant General Partner in connection with the relevant Fund's investments, potential conflicts of interest (including potential conflicts the General Partner is required to present to the Advisory Committee or Investor Committee pursuant to the respective Fund's Governing Documents), and other Fund matters. The Advisory Committees meet periodically as required to consult with the Adviser;
- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sales price;
- The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- Prior to subscribing for interests in a Fund, each Investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund, as detailed within the respective Fund's Governing Documents.

In addition, certain provisions of a Fund's Governing Documents are designed to protect the interests of Investors in certain situations where conflicts may exist, although these provisions do not eliminate such conflicts. While Vista endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions.

### **Principal Transactions**

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and clients thereof, on the other hand. The Advisers Act generally requires that, when an investment adviser or an affiliate of the adviser proposes to purchase a security from, or to sell a security to, an advisory client (what is commonly referred to as a "principal transaction"), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction.



Vista will, from time to time, engage in principal transactions, including certain warehousing transactions. In the event of a principal transaction, Vista intends to obtain the consent of the participating Fund's Advisory Committee or Investor Committee, unless a Governing Document and applicable rules and regulations allow for or prescribes a different course of action.

### **Cross Trades with Vista Clients**

Vista has caused and may in the future cause, a Fund to purchase securities from or sell securities and investments to other Funds or vehicles managed by Vista, or cause a portfolio company of one Fund to merge with a portfolio company of another Fund, when the Adviser believes such transactions are appropriate and in the best interests of the Funds. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or Vista might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Additionally, in connection with such transactions, Vista, its affiliates, and/or their professionals (i) have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment; or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). Vista and its affiliates receive Management Fees or other fees in connection with their management of the relevant Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Funds. In the event Vista wishes to reduce the investment of one or more such Funds in an instrument and increase the investment of other Funds in such instrument, it may affect such transactions by directing the transfer of the instrument between Funds. Any incremental costs and expenses associated with any such investment generally will be borne by such Funds on a pro rata basis.

To address these conflicts of interest, in connection with effecting such transactions, Vista will follow investment allocation requirements of the relevant Funds (e.g., the Governing Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those Governing Documents so that these Funds' resulting ownership of investments are generally proportionate to the relative capital commitments of the Funds) and Vista's written policies and procedures regarding allocation. Vista's Chief Legal Officer or CCO will be responsible for confirming that Vista (i) considers its respective duties to each Fund; (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms; and (iii) obtains any required approvals of the transaction's terms and conditions. In addition, the General Partners reserve the right to seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to

opine as to the fairness of a purchase or sale price). However, the General Partner does not always expect to obtain such an opinion or consent. The General Partner also may determine that the willingness of a third-party to make an investment on substantially the same economic terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions.

Further, Funds nearing the end of their term are expected from time to time to sell their interest in commonly held investments to other Funds with more time remaining in their term, which gives rise to the conflicts of interest discussed herein. Conflicts of interest are also heightened in the foregoing transactions to the extent the partners of the General Partner are assigned varying percentages of Carried Interest from Funds in the same investment, or if economic terms, performance and/or the potential for Carried Interest vary between Funds, particularly when one Fund sells its portion of such investment to another Fund, which could cause a portion of such Carried Interest to become “crystallized.” The General Partner intends to conduct such transactions in a manner that the General Partner believes to be fair and equitable to each Fund under the circumstances over time, including a consideration of the potential present and future benefits with respect to each fund.

### **Allocation of Investment Opportunities**

Subject to any relevant restrictions or other limitations contained in the Funds’ Governing Documents, Vista will determine how to allocate investment opportunities in a manner it believes in good faith is fair and equitable under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. Certain investment opportunities will be appropriate for multiple Funds. In allocating an investment opportunity among Funds with differing fee, expense, and compensation structures, Vista has an incentive to allocate investment opportunities to the Funds or other vehicles from which Vista or its affiliates may derive, directly or indirectly, a higher fee, compensation, or other benefit. In addition, Adviser personnel will generally participate indirectly in investments made by Funds in which they invest, pro rata, in accordance with their respective capital accounts. The existence of these varying circumstances present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a particular Fund.

In connection with its investment activities, Vista has and may in the future encounter situations in which it must determine how to allocate investment opportunities among various strategies, Funds or vehicles, which may include, but are not limited to, the following:

- The Funds;
- Any parallel investment entities, co-investors, or co-investment vehicles that have been formed to invest side-by-side with one or more Funds (either in all transactions entered into by such Funds or in a limited subset of such investments);



- Any alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting, or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any Funds that have been formed to invest side-by-side with one or more Funds in particular transactions entered into by such Funds or for the purpose of pursuing a specific investment strategy;
- Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds; and
- Vista Investors and/or Third Parties acting as “co-sponsors,” “co-underwriters,” or “strategic investors” with Vista with respect to a particular transaction.

The Funds are generally subject to investment allocation requirements that may be set forth in the Governing Documents. Prior to making any allocation of an investment opportunity, Vista generally determines whether it is required to offer an investment opportunity to one or more Funds and/or other parties. To the extent there are applicable investment allocation requirements in a Fund’s Governing Documents, Vista will make allocation decisions in accordance with such requirements, or if unspecified, Vista will utilize discretion in making allocation decisions among the Funds as set forth below.

As a general matter, and subject to the applicable Governing Documents, Vista and its affiliates will allocate investment opportunities between the Funds, strategies and/or other parties in a manner that is consistent with Allocation Policies and procedures established by Vista and its affiliates, which may be amended from time to time, designed to ensure allocations of opportunities are made over time on a basis it determines to be fair and reasonable, which in general means that when such opportunities meet the investment objective, strategy, and targeted portfolio construction criteria of one or more Funds (investment objective, strategy and structure include without limitation, the size of a potential company (enterprise value) or investment).

As an initial matter, Vista and its affiliates will evaluate key characteristics regarding the target investment, including the enterprise value and operational maturity of the target and/or the nature of the investment (i.e., debt or equity) to determine which an Vista Funds are eligible to participate in the opportunity.

Prior to making any allocation to a Fund of an investment opportunity, Vista, in its discretion, determines what additional factors may restrict or limit the offering of an investment opportunity to one or more Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** Vista may be required to offer an investment opportunity to one or more Funds.



- **Related Investments:** Vista may offer an investment opportunity related to an investment previously made by one or more Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** Vista may determine that certain Funds or Investors in such Funds should be excluded from an allocation due to specific legal, regulatory, and contractual restrictions placed on the participation of such Funds or persons in certain types of investment opportunities.

Once the Funds and/or other parties that are eligible to participate in a particular investment opportunity have been identified, Vista, in its discretion, decides how to allocate such investment opportunity among the identified Funds considering some or all of a wide range of factors, which include, but are not necessarily limited to, its own interests and one or more of the following: (i) each Fund's investment strategy and investment objectives; (ii) sourcing of the transaction (and with respect to an investment opportunity originated by a third party, the relationship of a particular Fund to or with such third party); (iii) each Fund's targeted rate of return; (iv) the size and nature of the company (enterprise value) or investment (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity and the stage of development, operational maturity, and anticipated holding period, liquidity, and duration of the investment); (v) the relative amounts of capital available or projected future capacity for investment in the Fund(s) (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity); (vi) the structural and operational differences between Funds; (vii) minimum, maximum, or target investment size; (viii) applicable investment limitations (including, without limitation, industry, asset class, issuer, volatility and geographic exposure limits, hedging limits, leverage, concentration, diversification considerations, and other similar risk metrics) of the Funds; (ix) the eligibility of the Funds to make such investment under applicable laws and regulations; (x) any other applicable tax, legal, regulatory, contractual compliance, operational, accounting, or administrative issues; (xi) each Fund's liquidity, reserves and duration; (xii) lender covenants and other limitations; (xiii) composition of each Fund's portfolio; (xiv) suitability as a follow-on investment for a current investment of a Fund or to upsize an existing investment; (xv) the availability of other suitable investments for each Fund; (xvi) risk considerations; (xvii) cash flow considerations; (xviii) any "ramp-up" period of a newly established Fund; (xix) the structural and operational considerations of the Funds (including, without limitation, exposure limits and hedging limits); (xx) whether an investment opportunity requires additional consents or authorizations from a Fund, Investors or third parties; (xxi) whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions; (xxii) likelihood of current income, (xxiii) whether the investment complements an existing portfolio company already owned by a Fund or another Fund (for example, a debt instrument of a portfolio company whose equity is owned by a Fund; (xxiv) the use of leverage in the proposed capital structure; and (xxv) any

other requirements, guidelines, or restrictions contained in the Governing Documents of the Funds and other considerations deemed relevant by Vista and/or such affiliates in good faith. There can be no assurance that the application of the factors set forth above will result in a Fund participating in all investment opportunities that fall within its investment objectives. The application of the above allocation requirements and factors will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives. To the extent certain strategy desires to take advantage of any market dislocation or favorable market condition and make an investment alongside another strategy, such investment opportunities will be allocated based on the factors identified above and in accordance with Vista's Allocation Policy. Vista makes allocation determinations based solely on Vista's expectations at the time such investments are made, however, investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

Vista also reserves the right to enter into arrangements with third-party service providers or consultants, who provide Vista with deal sourcing services or other information on investment opportunities. Vista will allocate such investment opportunities, and fees and expenses in connection with such investment opportunities, in the same way it otherwise allocates opportunities and fees and expenses.

In terms of governance, Vista has established an Allocation and Conflicts Oversight Committee that assists Vista in (1) upholding its fiduciary duty to each of the Vista Funds through the allocation of investment opportunities in a manner that is consistent with the Governing Documents and ensuring that allocation determinations among the investment strategies and Vista Funds is fair and equitable over time and consistent with Vista's Allocation Policy, and (2) assisting in the resolution of certain investment-related conflicts of interest.

Vista Credit Partners has also formed a platform-specific allocation committee (the "VCP Allocation Committee") to assist with governance over investment allocation decisions relevant to the Credit Funds. The VCP Allocation Committee collaborates closely with the Vista Allocation and Conflicts Oversight Committee as it relates to the Allocation Policy applicable to the Credit Funds.

### **Allocation of Co-Investment Opportunities**

Principals, members and employees of Vista and its affiliates, directly or indirectly, own an interest in Funds or certain co-investment vehicles. Such vehicles generally invest in one or more of the same portfolio companies as the Funds. Co-investment opportunities generally are also expected to be presented to certain employees of Vista or its affiliates, certain business associates, other "friends of the firm," or other persons and such co-investments may be affected through co-investment vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Additionally, the Funds have and generally reserve the right to invest together in the future with other Funds advised by Vista or an affiliate in the manner set forth in the relevant Funds' Governing Documents. In the case of co-investments, Vista reserves



the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in certain portfolio companies or otherwise have priority in co-investment opportunities. Additionally, as described in Item 4, Vista has also established the Co-Investment Commitment Program and the Co-Invest Separately Managed Account Program to facilitate co-investment by investors, which provide for priority allocations of co-investment opportunities described herein.

Vista must first determine which Funds will be required to (including Vista's Co-Investment Commitment Program) or may participate in an investment opportunity. Vista generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's investment objectives, strategies, lifecycle, and structure and other allocation factors described above. Vista will determine if the amount of an investment opportunity in which a Fund will invest exceeds the amount that would be appropriate for such Fund and Vista reserves the right to offer any such excess to one or more potential co-investment participants, as determined by the Funds' Governing Documents and Vista's Allocation Policy, (including consulting with the Allocation and Conflicts Oversight Committee), or to the extent not addressed in such Funds' Governing Documents, in accordance with the following paragraphs. There may be circumstances where Vista determines, for strategic or other reasons, an amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

Decisions regarding whether and to whom to offer co-investment opportunities are made subject to restrictions (if any) contained in the Fund's Governing Documents or any side-letter or other terms negotiated with respect to such Fund, by Vista or its related persons in consultation with other participants in the applicable transactions, such as a co-sponsor. In general, absent express contractual arrangement, no Limited Partner has a right to participate in any co-investment opportunity and investing in a Fund does not give a Limited Partner any rights, entitlements or priority to co-investment opportunities; decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment opportunity is made, are made in the sole discretion of Vista or its affiliates or other participants in the applicable transactions, such as co-sponsors. Co-investment opportunities may, and typically will, be offered to some and not all Limited Partners in Vista's sole discretion, and a Limited Partner may be offered fewer co-investment opportunities than other Limited Partners in the same Fund, with the same, larger or smaller capital commitments to such Fund. Certain third parties may be offered co-investment opportunities and Investors may be offered smaller amounts than originally requested; certain persons other than Limited Partners in the Funds (e.g., Vista and its affiliates, other Funds managed by the Adviser, consultants, persons associated with a portfolio company and other third parties, including persons who Vista believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic or similar benefit to Vista, a Fund, and/or a portfolio company) will, from time to time, be offered co-investment opportunities in the sole discretion of Vista and its affiliates; and co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interest from the applicable Funds after such Funds have consummated their investment in the portfolio company

(also known as a post-closing sell down or transfer). In the latter case, the applicable General Partner generally will value such interests for the co-investors at the cost in which the Fund made its investment (including any applicable interest expense), unless the General Partner has reason to believe (in its sole discretion) that such value should be adjusted to account for fair market value. Vista will generally seek to ensure that the Funds and any co-investors participate in any co-investment and any related transactions on comparable economic terms to the extent Vista determines appropriate and subject to legal, tax, and regulatory considerations. Investors should note, however, that such participation may not be appropriate in all circumstances and that the Funds may participate in such investments on different and potentially less favorable economic terms than other parties if Vista deems such participation as being otherwise in the Funds' interests. Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent on the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exist strategy and counterparty). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements, and do not require Vista to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, Vista from time to time agrees to give particular investors, Funds, or other third parties priority access to co-investment opportunities (as described further below). The existence of such priority or other contractual co-investment access rights could affect Vista's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment, Vista reserves the right to consider some or all or a wide range of factors which include, but are not limited to its own interest or one or more of the following: the evaluation of the size and financial resources of the investor or person to expeditiously participate in the investment opportunity (in terms of, for example, staffing, expertise, and other resources or similar synergies) without harming or otherwise prejudicing such Fund(s) (including whether the investor or a party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required); in particular in a case when the investment opportunity is time-sensitive in nature, confidentiality concerns that may arise in connection with providing the Limited Partner or third party with specific information relating to the investment opportunity; whether a potential co-investment party has a history of participating in opportunities and Vista's perception of whether the investment opportunity may subject the other investors to legal, tax, regulatory, reporting, or other burdens that make it less likely that the other investor or person would act upon the investment opportunity if offered; Vista's perceptions of its past experiences and relationships with the investor or person, such as the willingness or ability of the investor or person to respond promptly and/or affirmatively to potential investment opportunities previously offered by Vista and the expected amounts of negotiations required in connection with an investor or person's commitment (including if a Vista vehicle has already been formed to facilitate co-investment); the character and nature of the co-investment opportunity (including the



potential co-investment amount, structure, geographic location, tax characteristics and relevant industry); level of demand for participation in such co-investment opportunity; size and nature of other co-investment opportunities (if any) expected to be available around the same time; the ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company; the extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others; the composition of a co-investment vehicle's portfolio; whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to Vista and assume a passive role in governing a portfolio company); any interests a potential co-investment party has in any competitors of the portfolio company; Vista's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the investor or person is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the investor or person, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); rights of priority with respect to co-investment allocations by virtue of the co-investors participation in either the Co-Investment Commitment Program or the Co-Invest Separately Managed Account Program; whether and to what extent the co-investor will pay management or performance-based fees (including different Carried Interest); and whether Vista believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to the Funds and/or Vista and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or Vista. In addition, from time to time, Vista or its affiliates will participate alongside a Fund in an investment, which will reduce the amount of co-investment opportunities available to Limited Partners.

The factors above are not listed in order of importance or priority and Vista is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances or from which Fund strategy the co-investment opportunity was generated. For example, co-investment opportunities arising from the Credit Funds generally will first be offered to certain fee-paying investors.

Notwithstanding the foregoing, Vista is generally required to first present to the Co-Investment Commitment Program all co-investment opportunities arising with respect to an Equity Fund (that are not allocated to another Equity Fund or the Perennial Fund); provided that (i) such investment opportunities, in Vista's good faith judgment, meet the Co-Investment Commitment Program's



investment criteria and (ii) a co-invest vehicle established pursuant to the Co-Investment Commitment Program is able to make such investments and such investments are not materially limited as a result of investment restriction or applicable law or regulation. Any co-investment opportunities remaining after such presentation to the Co-Investment Commitment Program may then be presented to the participants of the Co-Invest Separately Managed Account Program and/or other third-party co-investors based on the factors listed above. Subject to applicable contractual restrictions, Vista retains broad discretion in establishing the terms of the Co-Investment Strategies and other co-investment arrangements.

Vista or its affiliates may establish dedicated co-investment vehicles for specific Investors to facilitate investments by the relevant Investors as co-investment parties alongside a Fund. Any such vehicle will be established at Vista or its affiliates' sole discretion and Vista and its affiliates have no obligation to offer a similar opportunity to any other investor. In addition, co-investment vehicles are typically formed to make investments alongside a Fund. In such cases, the co-investment vehicle will have a priority to make co-investments in some or all of the investments made by such Fund. The existence of such a priority right will significantly reduce or eliminate co-investment opportunities available to investors.

Vista's allocation of investment opportunities among the persons and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. For example, Vista will have the incentive to offer a particular co-investment opportunity to certain persons over others based on its economic arrangements with such persons (including, for example, whether Vista and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investment parties, to additional Management Fees, Carried Interest, or Other Fees based on the availability of co-investment opportunities offered to such parties). Different economic arrangements among co-investment participants will also create an incentive for Vista to allocate certain co-investment opportunities (for example, those that are expected to generate higher carry) to the co-investment participant with greater economic potential for Vista (e.g., those with higher management fees and/or performance-based fees). While Vista allocates investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Vista is subject, discussed herein, did not exist. From time to time, Vista's Allocation and Conflicts Oversight Committee may make allocation determinations and/or resolve conflicts of interest as they arise between the Funds, strategies, and/or other parties.

In the event Vista determines to offer an investment opportunity to co-investors, there can be no assurance that Vista will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund, or that expenses incurred by the Fund with respect to the syndication of



the co-investment will not be substantial, and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. As a consequence, the Fund may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from Vista as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that Vista is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

### **Secondary Transactions**

While there is generally no market for interests in the Funds, the applicable General Partner or its affiliates may purchase interests from Investors in accordance with the applicable partnership agreement and also may directly or indirectly acquire an interest in the Funds' interests through a secondary transaction. In each case, by virtue of their relationship to the relevant General Partner, Vista or its affiliates purchasing the Fund interests would be in possession of material information regarding investments of the Fund that are not disclosed to Investors because such disclosure may be prohibited and would generally have more detailed information regarding the value of the investments of the Fund. Accordingly, Vista or its affiliates will have more information regarding the market value of the Fund interests than the Investors selling its interest and any other potential buyer, thereby disadvantaging either the seller or other potential buyer in the course of the sale.

In addition, to the extent Vista has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, or is asked to identify potential purchasers in a secondary transfer, Vista will do so in its sole discretion, generally taking into account the following factors: Vista's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations; Vista's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds and/or Vista; whether the potential purchaser would subject Vista, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media, or other burdens; a potential purchaser's investment into another Fund (including





any commitment to a future fund); requirements in such Fund's Governing Documents; and such other facts as Vista deems appropriate under the circumstances in exercising such discretion.

### **Conflicts Related to Purchases and Sales**

Funds from time to time invest in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment, including if the Funds invest in different types of securities of the same portfolio company, potential conflicts are expected to arise in connection with such investments. For example, Vista invests in the equity securities of a portfolio company on behalf of the Equity Funds or the Perennial Fund and, at times, in the debt of the same company for the Credit Funds or a different Equity Fund. In addition, Vista may invest in the equity securities of the portfolio company on behalf of the Equity Funds and at a later date, on behalf of the Perennial Fund. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit, or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage, and associated costs. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Fund and the other Fund or vehicle with which it co-invests will exit such investment at the same time or on the same terms, or that the terms of the Fund and a co-invest vehicle will be perfectly aligned (for example, in instances where the Fund bears any guarantee obligations in connection with financing a transaction and the co-investors are not required to bear such risks). Vista and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally. For example, Vista may choose to sell all or part of an investment in an entity while another Fund holds or increases its investment in such entity (or vice versa). These variations in timing may not equally benefit one Fund relative to another Fund.

In instances where multiple Funds invest in a company at the same time or different time and the company seeks additional capital, if one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing.

In addition, investment opportunities may be appropriate for one or more Funds at the same, different, or overlapping levels of a company's capital structure. Where multiple Funds invest at the same, different, or overlapping levels of a portfolio company's capital structure there is a potential for conflicts of interest. Further potential conflicts are expected to arise once a Fund has

made an investment in a company in which another Fund has also invested. In determining the terms of each such investment, questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified, or waived, whether payments should be accelerated, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the terms of any workout or restructuring, or other concessions that may be given in such a situation may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. Vista may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund. In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

There are also conflicts of interest if other Funds hold junior debt instruments, as junior debt has greater inherent risks than senior debt. For example, conflicts may arise with respect to the acceleration of principal payments in the event of a default (as other Funds holding junior debt may be incentivized to accelerate payment while it would be in a Fund's best interest for such acceleration not to occur). In addition, in the event a portfolio company breaches a debt or asset covenant, a Fund and another Fund holding investments of a different priority may have differing interests in terms of deciding whether to waive certain available remedies. Such actions would have a direct (and likely negative) impact on the Fund's equity investment in such a company.

The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds will be prohibited from exercising voting or other rights and will be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund will supply such additional capital in such amounts, if any, as determined by Vista. If a Fund purchases in the secondary market at a discount, debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.



Because of the different legal rights associated with debt and equity of the same portfolio company, Vista faces a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations, and the resolution of workouts or bankruptcies). There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed. As investment adviser to both Funds, Vista owes a fiduciary duty to both. However, given the nature of such conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds and the action taken for one Fund may be adverse to another Fund. Investments by more than one Fund of Vista in a portfolio company may also raise the risk of using assets of a Fund of Vista to support positions taken by other Funds of Vista. There can be no assurance that any such conflict can be resolved in a manner that is beneficial to either Fund. In that regard, actions taken for one or more Vista Funds may adversely affect other Funds managed by Vista. Vista will resolve all such conflicts using its reasonable judgment, but in any case, in its sole discretion, subject in certain cases to approval by the Advisory or Investor Committees of the participating Funds.

If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Fund with a right of contribution, subrogation, or reimbursement. In administering, or seeking to reinforce, these agreements, Vista is subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. Vista intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Investments by more than one client of Vista in a portfolio company also have the potential to raise the risk of using assets in one Vista Fund to support positions taken by other Vista Funds, or that a client may remain passive in a situation in which it is entitled to vote. Vista may also from time to time express inconsistent views or commonly held investments or of market conditions more generally. In addition, where more than one Fund invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because Vista has a potential incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if Vista determines it is advisable for a Fund to exit an investment at the same time as another Fund of Vista or its affiliates, the term of which may expire



sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

From time to time, Vista's Allocation and Conflicts Oversight Committee may resolve conflicts of interest as they arise between the Funds, strategies, and/or other parties.

A Fund will, from time to time, invest in opportunities that other Funds have declined, and likewise, a Fund will, from time to time, decline to invest in opportunities in which other Funds have invested.

The application of a Fund's Governing Documents and Vista's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Vista, Adviser Personnel, and related persons of Vista have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies, directly or indirectly, and therefore, expect to have additional potential conflicting interests in connection with these investments. In addition, subject to the Funds' Governing Documents, Funds from time to time invest in securities of companies in which Vista, Adviser Personnel, and other related persons of Vista have previously invested for their own accounts. Furthermore, subject to the Funds' Governing Documents, Vista, Adviser Personnel, and/or other related persons from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. While the significant interests of Vista, Adviser Personnel, and/or related persons generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity) creating conflicts of interest. [In addition, Adviser Personnel are permitted to buy securities in transactions deemed unsuitable for a Fund. Such transactions are subject to any restrictions in such Fund's Governing Documents and any policies and procedures set forth in the Adviser's Code of Ethics.]

Vista generally will determine all matters relating to structuring transactions, including the amount and terms of securities and allocation of securities among Funds, using its reasonable judgment considering all factors it deems relevant, but in any case, in its sole discretion. The allocation of securities as among Funds and as between Funds may be affected by a Fund's stage in its lifecycle. For example, a newly organized Fund may seek to purchase a disproportionate amount of investments until it is substantially invested.



From time to time, Vista will, in its discretion, enter into transactions with Investors in one or more Funds, co-investors, Vista investors and their affiliated parties to dispose of all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, Vista will comply with the requirements set forth in the Governing Documents to the applicable Fund(s), or to the extent not addressed in the Governing Documents of the applicable Fund(s), Vista may consider some or all of the factors listed above under “*Allocation of Co-Investment Opportunities*.” The sales price for such transactions will be mutually agreed to by Vista and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by Vista. Although Vista is not obligated to solicit competitive bids for such sales transactions or to seek or obtain the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Governing Documents of the applicable Fund(s).

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to the Governing Documents, Vista reserves the right to charge (or may decide not to charge) a co-investor (such as an Investor or third party) interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

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

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and (b) full guarantee arrangements



where Funds agree to close a transaction even if the debt financing for such transition is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to the Fund (including co-investment vehicles through which Adviser Personnel and affiliates participate) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds' Governing Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited guarantees and, in any event, are not obligated to pay their proportionate share of any reverse termination fee. Therefore, in the unlikely event that a co-investment vehicle defaults on an arrangement with the Fund to pay its proportionate share of the equity purchase price (if any) or such an arrangement does not exist, the Fund would be held responsible for the entire equity purchase price or other applicable obligations.

### **Follow-on Investments**

Investments to finance follow-on acquisitions are a regular part of the business of the Funds. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which other Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing Investors are being cashed out at a price that is higher or lower than market value and whether new Investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Vista will resolve conflicts using its reasonable judgment but in its sole discretion, subject in certain cases to approval by the respective Advisory Committees or Investor Committees of the participating Funds.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds (individually or with another Fund) may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Vista in its sole discretion. Conflicts would also arise in situations where Vista could potentially cause portfolio companies owned by different Funds to merge in whole or part with each other or to be purchased or sold in whole or in part to each other. As a fiduciary to each Fund in such a transaction, Vista will act in the best interests of each Fund (as determined in its sole discretion), but there is no assurance that such transaction will be equally profitable or advantageous to each participating Fund.

### **Conflicts Related to Funds Investing in Other Vista Funds**

One Equity Fund has invested a portion of its assets, directly or through one or more direct or indirect subsidiaries, into the Hedge Fund, as disclosed in such Equity Fund's Governing Documents. As discussed in Item 5 above, such overlapping investments will not be subject to the Hedge Fund Management Fee or incentive allocation.



## Receipt of Material, Non-Public Information

From time to time, Vista or its affiliates will come into possession of material, non-public information. The receipt of such information will restrict all Funds, not just the investment team of the Fund in receipt of the information. The Funds will not be free to act upon any such information. In such cases, the Funds could be restricted indefinitely in transactions involving a particular issuer. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Consequently, the possession of material, non-public information by Vista and its affiliates may limit the ability of all of the Funds to buy and sell investments in the relevant company. To partially mitigate the foregoing risks, Vista has established permanent information barriers between various of its business units that restrict communications between each of those business units. Consequently, while an investment team operating in one business unit may have knowledge of information that could be pertinent to an investment and/or disposition decision of a Fund operating in another one of the business units, the investment professionals of such other Fund would not have access to such information. Similarly, the receipt of material non-public information by one investment team would only restrict the operation of that business unit, and would not restrict other business units' operations. However, an information barrier would not restrict the flow of information that one business unit wishes to receive from another business unit, as that business unit can opt-out of the barrier in its discretion, subject to the restrictions on use of any material non-public information received as a result. Additionally, certain Adviser Personnel, including affiliated Advisory Committee members, may be considered "above the wall" and therefore exempt from the information barriers. As a result of this treatment and the resulting access to material non-public information, such personnel may be required to recuse themselves in connection with certain Advisory Committee or Fund-related proceedings, which may impede the relevant Fund's investment program or operations. There can be no guarantee that informational barriers will be able to prevent all issues relating to material nonpublic information.

In addition, Vista receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As described above, the receipt of such information may restrict a Fund from transactions in the relevant company. Vista has in the past and is likely in the future to enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. Vista has already used and is likely in the future in certain instances to use this information in a manner that provides a material benefit to Vista, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. In addition, Vista has a potential incentive to pursue investments in portfolio companies based on the data and information expected to be received or



generated. Vista has in the past utilized and is likely in the future to utilize such information to benefit Vista, its affiliates or certain Funds in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances but does not intend to specifically disclose such conflicts to the relevant Funds.

### **Allocation of Fees and Expenses**

From time to time, Vista is required to decide whether certain fees, costs and expenses should be borne by Vista, a Fund, a portfolio company, co-investors and/or a third party (each, an “Allocable Party”), and if so, how such fees costs and expense should be allocated among the Allocable Parties. In exercising its discretion to allocate fees and expenses among the Allocable Parties, Vista is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense, and compensation structures, Vista has an incentive to allocate investment opportunities to the Funds from which Vista or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit. In addition, there may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to a Fund’s Governing Documents, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties.

Vista allocates fees, costs and expenses in accordance with a Fund’s Governing Documents. To the extent not addressed in the Governing Documents of a Fund, Vista will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances, notwithstanding its interest (if any) in the allocation and considering such factors as it deems relevant, but in any case in its sole discretion.

When the Funds incur expenses, they will typically allocate such expenses among all relevant Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual, or similar restrictions, expense allocation decisions will generally be made by Vista or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in any case, in their sole discretion. The allocations of such expenses may not be proportional. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Funds bearing different levels of expenses with respect to the same investment.

Certain expenses are paid for by portfolio companies or, if paid by Vista, are reimbursed by a Fund and/or portfolio company and, in some cases, Vista may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

With respect to allocating other expenses, to the extent not addressed in the Governing Documents of a Fund, Vista will make any such allocation determination in a fair and reasonable



manner using its good faith judgment, notwithstanding its interest (if any) in the allocation in accordance with its allocation policies and procedures. Vista will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

### **Research Costs for Investments**

There have been and may in the future be circumstances where Vista considers a portfolio company on behalf of a Fund and initially determines not to make such an investment, but eventually makes an investment in such portfolio company in another Fund or other investment vehicle sponsored by Vista. In these circumstances, the Funds, Vista, or such vehicles may benefit from research by the original investment team researching the investment and/or from costs borne by the applicable Fund in pursuing the potential portfolio investment but will not be required to reimburse the Funds for expenses incurred in connection with such investment.

Vista and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow Vista, the Funds and the Funds' portfolio companies to better discern economic or other trends and developments. Vista believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across Vista's businesses and the Funds' portfolio companies. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and Vista. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by Vista and its affiliates, without the source of the data being directly compensated. Vista and its affiliates may utilize such data outside of Fund activities in a manner that provides a material benefit to Vista, without directly compensating or otherwise benefiting the Funds. As a result, Vista has a potential incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits Vista and/or investments held by other Funds.

### **Conflicts Relating to the General Partner and Vista**

Vista and its principals and employees carry on investment activities for their own accounts, for personal or employee investment vehicles and, potentially, for family members and friends who do not invest in the Fund (including holding passive ownership positions in other advisory entities not otherwise affiliated with Vista), as well as give advice and recommend securities to other accounts or investment Funds which may differ from advice given to, or securities recommended or bought for, the relevant Fund, even though their investment objectives may be the same or similar. Vista and its principals and employees reserve the right to pay or receive compensation relation to such proprietary investment arrangements. Unless restricted by the Governing Documents, Adviser Personnel are permitted to serve on boards or act in other roles unaffiliated



with Vista, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles.

Vista currently provides, and expects in the future to provide, advice to other Funds, including vehicles that follow investment programs substantially similar to that of its current Funds. Vista expects that it or Adviser Personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicts) from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities*” above. Vista may give advice or take actions with respect to, the investments of one or more Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund generally is not be able to invest through the same investment vehicles or have access to similar credit or utilize similar investment strategies as another Fund. These differences often result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is expected that Adviser Personnel responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by Vista, including funds raised in the future or to proprietary investments made by Vista and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services, or functions of Adviser Personnel. As a result, Adviser Personnel have an incentive to allocate more time, services, or functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds.

Vista, its affiliates, its principals, and employees will devote so much of their time to the activities of the Fund as they deem necessary and appropriate. Except as set forth in the Funds’ Governing Documents, the General Partner, Vista, and its affiliates are not restricted from forming additional Funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of Vista, the General Partner, and affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of Vista and its respective principals and employees will not be devoted exclusively to the business of a particular Fund but will be allocated between the businesses of Vista’s various Funds.

A Fund may, from time to time, pursuant to the Governing Documents, lend certain amounts to Vista and its affiliates with respect to its pro rata share of an investment in those circumstances in which such Fund is borrowing with respect to the investment on a short-term basis.

Vista will receive different equity interests in the Perennial Fund in exchange for its capital contribution and will not receive any preferred equity interests. As a result, Vista's interests will not be aligned with those of other Investors to the extent the interests of common equity interests and preferred equity interest holders differ. In addition, the capital structure of the Perennial Fund may produce the effect that returns on Vista's common equity interests are levered by the preferred equity interests of other Investors as well as third-party borrowings. As a result, Vista's interests may be served by a more speculative or riskier approach to investments which may conflict with the interests of the Investors as a whole.

### **Performance-Based Fees**

Performance-based fees (including Carried Interest) create an incentive for Vista to invest funds (directly or indirectly) in investments that are riskier or more speculative than would be the case if the General Partner were compensated based on a flat percentage of capital. However, the investment made by Vista of the General Partner in a Fund, the clawback obligation of the General Partner (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of Adviser Personnel.

Because there is a fixed investment period after which capital from Investors in certain Funds may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Adviser may not otherwise have done so. In addition, for the Hedge Fund, the incentive allocation is determined on the basis of the value of the capital accounts including value attributable to unrealized appreciation. Any securities traded, directly or indirectly, by the Hedge Fund for which market quotations are not available may be valued by or at the direction of Vista at such value as it may reasonably determine and may not be independently valued or verified by a third party. Accordingly, the incentive allocation may also create an incentive for Vista to place the highest reasonable value on the Hedge Fund's investments.

Pursuant to the Governing Documents, the General Partner may be required to return excess amounts of Carried Interest as a "clawback." This clawback obligation creates an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

In addition, the General Partner may be incentivized to hold on to investments that have poor prospects for improvement in order to receive ongoing Management Fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the General Partner.



The Governing Documents of the Funds generally permit the General Partner of each Fund to cause such Fund to distribute such General Partner's share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates (including Adviser Personnel) in kind, while disposing of Limited Partners' share of such securities and distributing the net cash proceeds of such sale of securities to the Limited Partners. This ability creates conflicts of interest between the General Partners and the Limited Partners of the applicable Fund. The General Partners may be incentivized to receive distributions in-kind of securities that it expects to increase in value because the benefits of such increase will inure solely to the General Partner, and the Fund or the Limited Partners will not benefit from such increase. A General Partner may also elect to receive an in-kind distribution of securities of a portfolio company for purposes of permitting one or more Adviser Personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen or operated by such personnel or their families). Any tax efficiencies to such personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing a General Partner's incentives otherwise resulting from the existence of its Carried Interest. The ability of the General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund. These conflicts may be exacerbated due to the enhanced knowledge and information the General Partner has relative to the Limited Partners with respect to such securities.

### **Differing Compensation Arrangements**

Vista is subject to a conflict of interest because varying compensation arrangements among Funds could incentivize Vista to manage Funds differently. Depending on the compensation rates in the Funds relative to each other, these and other differences could make the Funds less profitable on a marginal basis to Vista than certain Funds or vice-versa.

### **Fund Level Borrowing**

The Funds from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses and liabilities, to pay Management Fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from Investors), to make payments under hedging transactions, to cover any shortfall resulting from an Investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all Limited Partners in such Fund on a pro rata basis, including the General Partner. The Funds will also utilize subscription facilities to benefit co-investment parties. For example, a Fund will borrow to fund a co-investment party's pro rata share of an investment or expense related to an investment. While Vista expects that all parties (including the General Partner and any co-investment party and/or joint venture partner) will bear its pro rata share of the interest expenses but not necessarily origination and other costs allocable to the extension of credit, the Fund will bear a

disproportionate amount of the credit risk in incurring the debt on behalf of the other parties. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds. In such instances the Funds would bear the sole liability for the borrowed funds in the event of a default, and as a result, such portfolio company and any of its other investors (including direct investments by the General Partner and any co-investor) benefit from the credit risk taken by the Fund's guarantee. Accordingly, any interest charged to the portfolio company for such lend funds would be retained solely by the guaranteeing Fund.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's Investors generally make corresponding later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while the Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund Investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

In addition, the batching of capital calls may amplify the magnitude of potential defaults by investors as a result of there being fewer but larger capital calls. To the extent a subscription facility is due upon demand by a lender (such as upon an event of default or otherwise), such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of such liquidity constraints and/or investors facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Moreover, the existence of a subscription facility may impair an investor's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender.

Borrowing by the Fund will generally be secured by capital commitments made by the Limited Partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the Investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of UBTI.



## Positions with Portfolio Companies

As a result of the Funds' controlling interests in portfolio companies, Vista and/or its affiliates typically have the right to appoint board members to such portfolio companies, to influence their appointment or to sit as an observer on a portfolio company board. From time to time, portfolio company board members approve compensation payable to Vista or its affiliates including, but not limited to, cash, transaction fees, profits, or equity interests, or other compensation. In addition, Vista and or its affiliates have the ability to appoint third parties as portfolio company board members. In such circumstances, any compensation or fees received by such third party is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or Investors.

Certain decisions made by a director may subject Vista, its affiliate, or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims, and other director-related claims. In general, the Funds will indemnify Adviser Personnel from such claims.

From time to time Adviser Personnel may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest and/or following the termination of such Adviser Personnel's employment with Vista. In such circumstances, any compensation or fees received with respect to such exited investment and/or by such Adviser employee or former employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or Investors.

Furthermore, an Adviser Personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such Adviser Personnel may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Adviser Personnel serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company.

Additionally, a portfolio company typically will reimburse Vista or service providers retained at Vista's discretion for expenses (including, without limitation, travel and travel-related expenses) incurred by Vista or such service providers in connection with its performance of services for such portfolio company. This subjects Vista and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Vista determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to all Investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Vista or such service provider generally is subject to: agreements with sellers, buyers and management teams; the review and supervision of the board





of directors of or lenders to portfolio companies; and/or third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

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

Vista generally exercises its discretion to recommend to a Fund, or to a portfolio company thereof, that it contract for services with: (i) Vista or a related person of Vista (which may include a portfolio company of such Fund); (ii) an entity with which Vista or its affiliates or Adviser Personnel has a relationship or from which Vista or its affiliates or Adviser Personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Adviser Personnel are seconded, or from which Vista receives secondees; or (iii) certain Limited Partners or their affiliates. Such relationships may influence decisions that Vista makes with respect to the Funds. For example, Vista expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain Limited Partners or their affiliates that are engaged in lending or related business. Such services also include services during the diligence and acquisition process. This subjects Vista to conflicts of interest, because although Vista selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of

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

Vista and its affiliates may also, from time to time, employ Adviser Personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by Vista and/or its affiliates; conversely, former Adviser Personnel of Vista and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by Vista. In such capacity, this may give rise to conflicts to the extent that an employee’s fiduciary duties to a portfolio company as a director may conflict with the interests of Funds, but, because the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned. Compensation (if any) paid to principals and employees for this service is for the benefit of the applicable Fund only and is subject to a Management Fee offset.

Adviser Personnel may also serve as directors, or otherwise be associated with, companies that are competitors of portfolio companies of certain Funds. Portfolio companies may also be counterparties or participants in agreements, transactions, or other arrangements with portfolio companies of other Funds that may involve fees and/or servicing payments to Vista or its affiliates, which are not subject to Management Fee offsets or otherwise shared with the relevant Funds.

Certain personnel of Vista or its affiliates (including VCG) are permitted to be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In some instances, Vista will pay such person's cash and non-cash compensation and will pay for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. In other instances, in accordance with the relevant Fund's Governing Documents, the portfolio company will bear such costs and expenses, including cash, equity, and other non-cash compensation, and such expenses will not be offset against the relevant Management Fee. To the extent Vista receives any fees or expense reimbursement from a portfolio company with respect to such personnel, in the event that employee is not a principal of Vista and is spending a material portion of his or her business time in a non-director management role at the portfolio company, it is expected that they will not result in any offset against the Management Fees payable by a Fund. In certain instances, whether an individual who provides services to a portfolio company should be characterized as an industry specialist, an employee or former employee of Vista, or a seconded employee may be unclear. In such cases, Vista will make a determination in good faith based on its evaluation of the relevant facts and circumstances, including the types of services provided to the portfolio company and the amount of time such individual dedicates to the portfolio compared to other duties to Vista and the Funds' other portfolio companies or potential portfolio company. To the extent such secondment or engagement is on a part-time basis, Vista will use its discretion in allocating the appropriate costs of such employees amongst the appropriate entities, and reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services.

#### **Other Potential Conflicts Related to Third Parties**

Vista expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Vista information about markets and industries in which Vista operates (or is contemplating operations), or will provide other services that are beneficial to Vista or one or more other Funds. For example, Vista reserves the right to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment. Vista expects to be subject to a potential conflict of interest in making such recommendations, in that Vista has an incentive to maintain goodwill between it and the existing



and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

### **Related Services**

Vista generally may, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) Vista or a related person of Vista (including but not limited to a portfolio company of a Fund); or (ii) an entity with which Vista or its affiliates or a member of their personnel has a relationship or from which Vista or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that Vista makes with respect to the Funds. When making such a recommendation, Vista, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

As described in Item 5 above, VCG performs services for portfolio companies and will receive VCG Fees and reimbursements from, actual or prospective portfolio companies or other investment vehicles of the Funds. Consistent with the Funds' Governing Documents, Vista incurs expenses, and a portfolio company reimburses Vista for such expenses (including without limitation travel and travel-related expenses) incurred by Vista in connection with its performance of services for such portfolio company. VCG Fees will be in addition to Management Fees and performance-based fees paid by the Funds to Vista and, subject to certain restrictions in certain Funds' Governing Documents, are not subject to Management Fee offsets, described in Item 5 above.

This creates a conflict of interest between Vista and the Funds and their Investors because the amounts of these fees and reimbursements may be substantial and the Funds and their Investors generally do not have an interest in these fees and reimbursements. VCG generally determines the amount of VCG Fees for services and reimbursements to approximate the cost of annual compensation paid by Vista or its affiliates to VCG employees, including an estimate of Vista's overhead and other fixed costs allocable to VCG, and the amount of time the VCG employee spent providing services. The focus of VCG's operations is to improve the operational results of the Funds' portfolio companies in a manner that improves the Funds' investment returns rather than generating an independent profit in the manner of a third party performing the same services. VCG reserves the right to adjust the rates charged to portfolio companies on behalf of VCG employees to account for the fluctuations in expenses and revenue based on usage volatility of portfolio companies of VCG to ensure VCG is operated in a manner to achieve breakeven results annually.

### **Fees Received by the Credit Funds**

Portfolio companies of the Equity Funds and Perennial Fund pay arranger fees in connection with debt issued by such portfolio companies. In instances where one or more Credit Funds participate



in such debt issuance, the participating Credit Fund(s) have and may in the future receive their pro rata share of arranger fees or other economics and such fees will not offset any Management Fee of the Equity, Perennial, or Credit Funds.

### **Valuation of Assets**

As indicated in Item 8 above, the Equity and Credit Funds regularly, and the Hedge Fund infrequently, will hold securities and financial instruments that do not have readily available market quotes. Vista will value such securities and financial instruments in good faith at fair value based on various factors, including external pricing sources (if any), recent trading activity (if any), or other information aimed at a relative value assessment process that incorporates, among other factors, in the discretion of Vista and the General Partner, current market conditions, position size, trends, and prices. Such valuations may vary from similar valuations performed by independent third parties for similar types of securities and financial instruments. Inaccurate valuations may, among other things, prevent the Funds from effectively managing their investment portfolios and risks, may affect the diversification and risk management of the Funds, may affect the net asset values at which interests are issued and withdrawn, and may affect the amount of Carried Interest or incentive received by Vista and/or its affiliates, or the timing of receipt of Carried Interest could be incorrect, creating a conflict of interest between the Funds and its Investors and Vista.

### **Management of the Funds**

The Funds will, from time to time enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount. The Funds will only enter into such joint and several borrowing arrangements when Vista determines it is in the best interests of the Funds.

### **Side Letters and Relationships with Investors**

As discussed in Item 4, Vista or the General Partner of a Fund enters into side letters or other similar agreements with certain Investors in connection with their admission to such Fund without the approval of any other Investor. The side letters or similar agreements may have the effect of establishing rights (including economic or other rights) under, altering, or supplementing the terms of the Governing Documents of the applicable Fund with respect to one or more such Investors in a manner more favorable to such Investors than those applicable to other Investors. Such rights may provide (or may provide in the future) such Investors with different or preferential rights or terms, including, but not limited to, different fee structures (including discounted or rebated compensation terms), information, notice or reporting rights, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse



against a Fund, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. As a consequence of one or more Limited Partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments. Vista has no obligation to offer all such additional rights, terms, or conditions, to any other Investors in the Funds, except to the extent required by the Governing Documents of the applicable Funds. Once invested in a Fund, Investors generally cannot impose additional investment guidelines or restrictions on such Fund. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies, or industries in order to meet certain legal, tax, regulatory, internal policy, or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

In addition, certain Investors in the Funds are also strategic Investors who are either directly or indirectly invested in Vista or otherwise have entered into a strategic relationship with Vista, and Vista provides such strategic Investors rights that it does not provide to all prospective Investors and/or Limited Partners, which may include preferential economic, liquidity, and/or investment opportunity rights, as well as access to portfolio company management teams.

#### **Other Relationships with Investors, Prime Brokers, and other Counterparties and Service Providers**

Vista generally has an incentive to recommend the products or services of certain Investors, including strategic Investors, prospective investors, and third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

A Limited Partner or Investor in a Fund, a prime broker, another counterparty, or service provider of a Fund, or an affiliate, may provide services directly to, or enter into financial transactions with, Vista or its affiliates and/or may enter into relationships with the Funds. Among other things, a prime broker, another counterparty, or service provider, or its affiliates, have and may in the future, invest in the Fund with which it is providing services or another Fund. To the extent a prime broker, other counterparty, service provider, or an affiliate provides services to Vista or its affiliates and/or enters into financial transactions with any of them (including by making investments in Funds), Vista's interests may conflict with the Fund's interests in connection with Vista's decision to cause the Fund to select or retain the prime broker, or other counterparty, or service provider, or in connection with Vista's negotiation with the prime broker, or other counterparty, or service provider of the economic terms on which the prime broker, or other counterparty, or service provider provides its services to the Fund.

In addition, the Fund's prime brokers, other counterparties, and service providers may provide Vista with additional services beyond the custodial, clearing, lending, transactional, and other services they provide the Fund. These may include consulting, marketing, and other services that are not directly for the Fund's benefit. To the extent it obtains these or other services from a prime broker, other counterparty, or service provider, Vista has a conflict of interest because it has a potential incentive to cause the Fund to select one prime broker, counterparty, or service provider over another, to pay higher compensation (such as margin interest and charges for borrowed securities in connection with short sales, or other amounts), and/or to effect more transactions through a prime broker, counterparty, or service provider (possibly at higher rates), all to induce such prime broker, counterparty, or service provider to provide those services at a price lower than Vista would have to pay other providers. To the extent the rates Vista pays for services it receives from a prime broker, counterparty, or service provider are lower than market rates, the Fund may be viewed as bearing a portion of the costs of those services and thus providing Vista with additional compensation.

Additionally, portfolio companies of the Equity Funds and Perennial Fund have been, and are expected in the future to become, counterparties or participants in agreements, transactions, or other arrangements with portfolio companies of other Equity Funds and the Perennial Fund that involve fees and/or servicing payments to Vista or its affiliates. For example, portfolio companies are generally afforded the option (but are not required to) participate in a program with Vista, its affiliates, and other portfolio companies pursuant to which VCG negotiates favorable procurement arrangements. As part of this program, Vista and VCG have also from time to time and may in the future receive the favorable procurement arrangements. Fees associated with these programs are shared by the portfolio companies choosing to participate in the program, as well as Vista and VCG to the extent participating (such fees being designed to cover the cost of administering the program). These fees generally are not subject to Management Fee offsets or otherwise shared with the relevant Funds. Vista will generally have a conflict of interest in making such recommendations, in that Vista has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. While Vista may have a conflict of interest because the economic benefit may incentivize Vista to maintain such arrangements, Vista believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and Vista's benefits from such arrangements are reduced because Vista only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with, Vista will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.





Vista and/or its affiliates may engage certain service providers to provide services to Vista, the Funds, and/or the portfolio companies. Such service providers or their affiliates are, in certain circumstances, investors in a Fund and may include, for example, investment bankers, outside legal counsel, pension consultants, and/or other investors who provide services (including mezzanine and/or other lending arrangements). The engagement of any such service provider may be concurrent with an Investor's admission to a Fund, or during the term of such Investor's investment in the Fund. This creates a conflict of interest, as Vista could give such Investor preferred economics or other terms with respect to its investment in a Fund, enhanced information, or has a potential incentive to offer such Investor co-investment opportunities that it would not otherwise offer to such Investor.

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

Vista and its affiliates may, from time to time, hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although Vista uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee that Vista can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest (including, for instance, preferential hiring practices).

Services required by a Fund (including some services historically provided by Vista or its affiliates to the Funds) may be, for certain reasons including efficiency and economic considerations, outsourced in whole or in part to third parties or licensed software, in each case in the discretion of Vista or its affiliates. This can create a conflict of interest because Vista and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser Personnel. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by Vista to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and Vista has no obligation to inform such Funds or investors of such a change. The costs and expenses of any such third-party service providers will be borne



by the relevant Funds. Vista may also elect to allocate costs associated with providing in-house legal services to the Funds and/or portfolio companies, as described above.

Current and former officers and executives of portfolio companies may also invest in a Fund. While Vista believes this aligns portfolio company management teams with the best interests of the Fund, Vista may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, Vista may consider the interests of one portfolio company or Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by Vista to a portfolio company may have adverse consequences to the portfolio company owned by another Fund. The performance and operations of a competitor, customer, or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities, or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, or commence litigation against another portfolio company or prevent one portfolio company from commencing litigation against another portfolio company.

Additionally, Adviser Personnel and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships can influence Vista in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company. Vista will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in the Funds, will provide Vista information about markets and industries in which Vista operates, or will provide other services that are beneficial to Vista and/or will provide financial sponsorship of events held by Vista (such as transaction closing dinners or outings, or informational summits or training events for Vista or portfolio company personnel). Although Vista selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that Vista, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain other service providers to Vista, the Funds and/or the portfolio companies, or affiliates of such service providers, may also provide goods or services to or have business, personal,



financial or other relationships with Vista, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also be a source of investment opportunities, be co-investors or commercial counterparties or entities in which Vista and/or the Funds have an investment, and payments by a Fund and/or such portfolio companies may indirectly benefit Vista and/or such Fund.

Investors may be introduced to Vista, or may be brought into a Fund, by a third-party consultant from which Vista or a related person purchases products and to which Vista or a related person may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

Vista, its personnel, the Funds and the portfolio companies of the Funds will, from time to time, engage common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to Vista, its personnel, the Funds, and/or the portfolio companies. For example, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, Vista or its personnel may receive a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or may receive a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between Vista and its personnel, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that Vista will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to Vista, its personnel or its affiliates, and the Management Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

Vista or its affiliates engages certain service providers (including law firms) on behalf of the Funds and personnel of such service provider have in the past and may in the future be seconded to Vista or its affiliates on a temporary basis or serve in an internship capacity, pursuant to various arrangements including at cost or at no cost. Vista is, from time to time, a beneficiary of these arrangements as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to Vista, its affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in Vista's discretion taking into consideration the usage of such personnel. In such circumstances, a conflict of interest exists because Vista or its affiliates have an incentive to select one service provider over another on the basis that Vista or its affiliates may receive the benefit of seconded employees from such service provider, particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not Vista or its affiliates.



Certain members of a Fund's Advisory Committee are, or in the future may be, officers or directors of, or otherwise affiliated with, Investors in another Fund.

The General Partner of a Fund will from time to time utilize the services of Investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

### **Non-VCG Consultants**

As described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to third-party consultants (including consultants introduced or arranged by Vista, VCG, and/or its affiliates that may regularly provide services to one or more portfolio companies or prospective portfolio companies), and such fees do not offset or reduce the Management Fee as described herein. Such consultants generally may provide services in relation to the identification, acquisition, holding, improvement, and disposition of portfolio companies, including operational aspects of such companies, and from time to time also provide "front office" functions with respect to a Fund, such as sourcing or other investment-related functions (such services collectively, "Consultant Services"). Consulting Services may also include serving in management or policy-making positions for portfolio companies. These services may be high level insight or extensive day-to-day roles, and may include support to the General Partner or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, cybersecurity, corporate communications, customer service, sustainability (including strategy, policy, and reporting development), real estate matters, and similar operational matters. The nature of the relationship with each such consultant and the time devotion requirements of each such consultant may vary significantly. Certain consultants may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies or prospective portfolio companies. Consultants may be offered the ability to co-invest alongside Funds or to be offered the opportunity directly by the portfolio company to invest in the company, including in investments in which the consultant is involved or participates in the management thereof. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Consultant Services to be provided. In certain cases, consultants have attributes of Adviser Personnel (for instance, they may have dedicated office space, receive Vista administrative support, participate in general meetings or events for Adviser personnel, have a Vista e-mail address or business cards), even though they are not employees, affiliates or personnel of Vista. Consultants may make use of Vista resources or otherwise be associated with Vista.



Pursuant to the Governing Documents of the Funds, fees, expenses and any attributable overhead of consultants (collectively, “Consultant Compensation”) may be paid and/or reimbursed by Vista, the portfolio companies and/or the Funds. Consultant Compensation, including compensation paid to a consultant that is an affiliate or employee of Vista or its affiliates, will be determined at the discretion of the General Partner taking into account the particular Consultant Services and may include reimbursement of an allocable portion of an affiliated consultant’s compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces), as well as cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transactions fees, participation interest or securities of a portfolio company or holding company, and/or a share of proceeds upon sale of a portfolio company or holding company. Consultants also may have a limited partner interest in the General Partners and/or one or more Funds, may receive remuneration from Vista and/or its Funds or affiliates, and/or be entitled to other forms of compensation, the amount of which will generally be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such consultants, hours worked by a consultant, a percentage of the value of a portfolio company, or amounts charged by other providers for comparable services. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Fund’s investment, and the relevant Fund typically will bear the costs of all Consultant Compensation as well as fees, costs and expenses of structuring Consultant arrangements. Consultants have also received and expect to receive in the future expense reimbursements (including reimbursements for travel and other costs in connection with their services). Such investment opportunities, reimbursements, and other compensation paid to a consultant will not offset the Management Fee of any Fund as described herein.

In the event one or more consultants (directly or indirectly) is providing services with respect to the Funds, such consultant’s expenses will be allocated among the Funds as determined by Vista, as applicable in a manner it believes to be fair and equitable to the Funds under the circumstances over time, consistent with the applicable Governing Documents and as described elsewhere herein. To the extent any such consultant’s expenses are payable to any affiliated consultant by the Funds or a portfolio company, such expenses will be retained by such consultant and will not reduce the Management Fee or any other fees otherwise payable to the Adviser or its affiliates and will not benefit the Fund or its investors, even if the consultant paid by a Fund or a portfolio company have the effect of reducing any retainers or minimum amounts otherwise paid by Vista. The determination of whether Consultant Compensation is paid by a portfolio company, a Fund or Vista will be made by Vista in its sole discretion. Vista’s determination as to whether a service is a Consultant Service, the categorization of any fees and expenses, and the allocation of such fees and expenses shall be binding on the Fund and its Investors. Over time, certain existing and former employees of Vista (including senior personnel) may transition to a consultant role, which may shift the burden of compensating such persons from Vista to the applicable Fund and/or



portfolio company and any fees received by such persons will not reduce the Management Fee. To the extent that consultants are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the consultant's services at a time when fewer portfolio companies or Funds make use of such consultant.

Although Vista seeks to retain consultants with a view to reducing costs to portfolio companies and, ultimately, the Funds, a number of factors may result in limited or no cost savings from such retention. Vista also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Vista believes will align such persons' interests with those of the Funds' Limited Partners and seeks to retain only consultants and service providers that it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

### **Diverse Membership**

The Investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such Investors often have conflicting investment, tax, and other interests with respect to their investments in a Fund. The conflicting interests among the Investors generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments, and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by Vista or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one Investor than for another Investor, especially with respect to Investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, Vista and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax, or other objectives of any Investor individually.

### **Advisory Committee Rights**

Generally, each Equity Fund, Perennial Fund, and Credit Fund has established an Advisory Committee and the Hedge Fund may establish an Investor Committee, consisting of representatives of Investors. A conflict of interest may exist when some, but not all Limited Partners are permitted to designate a member to an Advisory or Investor Committee because those designating Limited Partners will, for instance, have greater information rights. The Advisory or Investor Committees may also have the ability to approve conflicts of interests with respect to Vista and the applicable Fund, which could be disadvantageous to the Investors, including those Investors who do not designate a member to an Advisory or Investor Committee.



In addition, members of one Fund's Advisory Committee may also be a member of another Fund's Advisory Committee. In such instances, a conflict of interest exists because the Funds on which such overlapping Advisory Committee members may have conflicting interests and such Advisory Committee members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

Representatives of a Fund's Advisory Committee may have various business and other relationships with Adviser Personnel and Vista affiliates. These relationships may influence the decisions made by such members of the Advisory Committee.

### **Special Purpose Acquisition Companies ("SPACs")**

A SPAC is typically a publicly traded company formed for the purpose of raising capital through an initial public offering (an "IPO") to fund the acquisition, through a merger, capital stock exchange, asset acquisition, or other similar transaction (each, a "Transaction"), of one or more undervalued operating businesses. Following the acquisition of a target company, a SPAC typically would exercise control over the management of such target company in an effort to increase the value of such target company. Capital raised through the IPO of securities of a SPAC is typically placed into a trust until the target company is acquired or a pre-determined period of time elapses. Investors in a SPAC would receive a return on their investment in the event that a target company is acquired and such target company's value increased. In the event that a SPAC is unable to locate and acquire target companies by the deadline, the SPAC would be forced to liquidate its assets, which may result in losses due to the expenses and liabilities of the SPAC. Investors in a SPAC are subject to the risk that, among other things, (i) such SPAC may not be able to locate or acquire target companies by the deadline; (ii) assets in the trust may be subject to third-party claims against such SPAC, which may reduce the per share liquidation price received by the investors in the SPAC; (iii) such SPAC may be exempt from the rules promulgated by the SEC to protect investors in "blank check" companies, such as Rule 419 promulgated under the Securities Act, so that investors in such SPAC may not be afforded the benefits or protections of those rules; (iv) such SPAC may only be able to complete one Transaction, which may cause it to be solely dependent on a single business; (v) the value of any target company may decrease following its acquisition by such SPAC; (vi) the value of the funds invested and held in the trust decline; (vii) the inability to redeem due to the failure to hold the securities in the SPAC on the record date or the failure to vote against the acquisition; and (viii) if the SPAC is unable to consummate a Transaction, public stockholders will be forced to wait until the deadline before liquidating distributions are made. In addition, most SPACs are illiquid and have a concentrated shareholder base that tends to be composed of hedge funds (at least at inception).

The Funds may invest in a SPAC that, at the time of investment, has not selected or approached any prospective target businesses with respect to a Transaction. In such circumstances, there may be a limited basis for the Fund to evaluate the possible merits or risks of such SPAC's investment in any particular target business. To the extent that a SPAC completes a Transaction,





it may be affected by numerous risks inherent in the business operations of the acquired company or companies. For these and additional reasons, investments in SPACs are speculative and involve a high degree of risk.

Further, the Funds are permitted to invest in entities that will sponsor SPACs and, in such circumstances, would bear the associated expenses, which, among other things, are used to fund certain offering expenses, the upfront portion of the underwriting discount, and the working capital of the applicable SPAC. In exchange for supplying the “at-risk capital” of a newly formed SPAC, the Funds sponsoring the SPAC may receive the management shares from the applicable SPAC. As sponsor, a Fund could lose the at-risk capital invested in a SPAC and such management shares could become worthless if the SPAC is not successful and is unable to locate and consummate a Transaction or gain approval for the Transaction from the SPAC’s shareholders within the specified time period.

Vista and/or its affiliates are also permitted to sponsor one or more SPACs (without the Funds participating in sponsoring the SPAC) and, in connection therewith, may receive management shares in such SPAC and for the avoidance of doubt, any amounts earned with respect thereto will not reduce the Management Fee or be for the benefit of the Funds except to the extent provided in the applicable Governing Documents. The issuance of management shares would have an indirect dilutive effect on the interests of the entity (e.g., a Fund) investing in the SPAC to the extent the Fund does not own the SPAC sponsor. Based on the investment strategy typical for a SPAC, such activity will not be subject to the restrictions on the formation of a successor Fund or the outside investment activity restrictions set forth in the Governing Documents of the Funds. Conflicts may arise as a result of such activities, including in the event that any such SPAC enters into a transaction with a portfolio company of any Fund or in the event that a Fund determines to make an investment in any such SPAC, in the event that a Fund determines to make an investment or commit to make an investment in the future alongside the SPAC, and in allocating Adviser Personnel time.

In particular, if a Fund (after obtaining any applicable LPAC approval) commits to invest in a Vista-sponsored SPAC’s IPO, conflicts of interest arise with respect to the “at-risk” capital (described below) and receipt of management shares which, as discussed above, will not reduce the Management Fee. In order to launch a SPAC, it is necessary for a SPAC’s sponsor to commit “at-risk” capital at the time of the IPO, which the sponsor loses if a Transaction is not consummated. If Vista or an affiliate commits to fund this “at-risk” capital, Vista or such an affiliate could be incentivized to pursue a deal to avoid losing the “at-risk” capital. Additionally, the management shares will only have value to the extent a Transaction is consummated. Investment by a Fund in the SPAC (or a commitment by a Fund to invest in the SPAC) indirectly benefits Vista as the sponsor of the SPAC as such investment or commitment increases the likelihood of a successful Transaction by providing committed capital for the Transaction. In addition, if a Fund invests in a Vista-sponsored SPAC, in addition to its receipt of Management Fees and Carried Interest, Vista



or an affiliate would also have an interest in the management shares in the SPAC, which could act as a dual layer of fees/expenses borne by the Fund.

Additional potential conflicts of interest arise if the Transaction is between a Vista-sponsored SPAC and a portfolio company of a Fund. The sponsor of a SPAC is incentivized to find a target for a Transaction to avoid loss of “at-risk” capital, and in order for the management shares to have value, and Vista or an affiliate would likely receive Carried Interest upon the sale of the portfolio company to the SPAC. All of these factors would incentivize Vista to consummate a Transaction, including with a Vista portfolio company.

Vista will seek to resolve such conflicts in a manner that Vista deems fair and equitable to the extent possible under the prevailing facts and circumstances and that is consistent with the Governing Documents of the applicable Fund and of such SPAC.

### **Potential Conflicts Related to Future Strategies and Products**

Vista could in the future expand its investment management services beyond the Funds, including through single investor funds, managed accounts, overage funds, funds with different regulatory obligations, operational strategies, target investment sizes, geographic focuses or expected hold periods, SPACs (as described above) and/or other specialized investment vehicles (collectively, “Other Products”), that in some cases may have overlapping investment strategies or targeted investments with one or more of the Funds. While no Other Products have been established as of the date of this brochure, to the extent any Other Products are formed in the future, similar potential conflicts of interest as those disclosed in this section of the brochure may apply, including those described in “Allocation of Investment Opportunities” and “Conflicts Related to Purchases and Sales” above.

To the extent that Other Products give rise to additional potential conflicts of interest not specifically described herein, there can be no assurance that Vista will identify or resolve all such conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is most favorable to a particular Fund.

### **Other Potential Conflicts**

The Governing Documents of a Fund establish complex arrangements among the Funds, Vista, Investors, and other relevant parties. From time to time, questions may arise regarding certain parties’ rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. While Vista will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its Investors.



Vista, Adviser Personnel, its affiliates, and equity holders reserve the right to buy or sell securities or other instruments that Vista has recommended to a Fund. In addition, Adviser Personnel reserve the right to buy securities in transactions offered to, but rejected by, a Fund. A conflict of interest may arise because such investing Adviser Personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by Vista on behalf of the Fund. In such circumstances, the investing Adviser Personnel will not share or reimburse the relevant Fund(s) and/or Vista for any expenses incurred in connection with the investment opportunity. Such transactions are subject to the policies and procedures set forth in Vista's Code. In addition, Adviser Personnel may also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds and/or which may invest in similar industries and sectors as the Funds. Such Adviser Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. The investment policies, fee arrangements, and other circumstances of these investments generally vary from those of any Fund. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

Adviser Personnel have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial, or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel, or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. In most such circumstances, the Funds' Organizational Documents will not preclude Funds from undertaking any of these investment activities or transactions.

Funds will often engage common legal counsel and other advisers to represent all of the Funds and multiple Funds participating in a particular transaction, including a transaction in which Funds have conflicting interests (e.g., cross transactions and other affiliated transactions) because they are investing in different securities of a single company. In the event of a significant dispute or divergence of interest between Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case Vista may hire separate counsel on behalf of the Funds in its sole discretion, and in litigation and other circumstances, separate representation may be required. Law firms engaged to represent Funds, partners in those firms, or entities affiliated with those firms may be Investors in such Fund, or other Vista Funds, and



may also represent one or more portfolio companies or Limited Partners of such Fund, other Funds, and/or Related Funds.

Vista has in the past and may, from time to time in the future, caused one or more Funds to purchase, and/or bear premiums, fees, costs, and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, Vista, and/or Adviser Personnel, agents, representatives, members of a Fund's Advisory Committee, and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs, and expenses for one or more "umbrella" or other insurance policies maintained by Vista that cover one or more Funds and/or Vista (including Adviser Personnel and their respective agents, representatives, members of the advisory committee, and other indemnified parties). Vista will make judgments about the allocation of premiums, fees, costs, and expenses for such "umbrella" or other insurance policies among one or more Funds, and/or Vista on a fair and reasonable basis and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

Vista's affiliates and/or Adviser Personnel may invest in other funds or investment vehicles managed or advised by persons or entities unaffiliated with Vista, and such other funds or vehicles, in turn, may own or invest in portfolio companies, real estate, or other assets. The Funds and/or their respective portfolio companies may enter into transactions with or otherwise do business with such other funds or vehicles, or with such other funds' or vehicles' portfolio companies, or otherwise with respect to such other funds' or vehicles' assets. Any of these situations subjects Vista and/or its affiliates and Adviser Personnel to potential conflicts of interest.

Vista and/or its affiliates have entered into, and may in the future enter into, certain purchasing arrangements with one or more portfolio companies as well as one or more product and service providers (e.g., software and related products and IT services, office equipment, D&O, cybersecurity and other insurance, employee benefits, meeting and event management services, employee training and recruiting, and other administrative and similar products and services) on behalf of its Funds' and portfolio companies as well as itself. Certain of these agreements, transactions and arrangements involve fees, servicing payments, rebates, and/or other benefits to Vista or its affiliates.

Vista facilitates and encourages its portfolio companies to enter into agreements regarding group procurement of services and products that offer better vendor pricing which results from the participation by portfolio companies, and in some cases, depend on the volume of products and services purchased under these agreements. Vista and its affiliates also participate in some of these arrangements, and may also realize better pricing, discounts, or rebates. In certain cases, such arrangements will involve the sharing of risk, such as under group insurance arrangements where deductibles are shared or calculated with regard to the group rather than individual insured



parties. While Vista's reduced pricing may incentivize it to maintain such arrangements, Vista believes that the purchasing portfolio companies benefit as a result of their access to quality products and services at beneficial pricing, and that any potential for conflicts of interest resulting from Vista's benefits from such arrangements are mitigated by the fact that it benefits on a pari passu basis with the other portfolio companies.

In cases where the supplier is itself a portfolio company, Vista believes that such portfolio company and its Investors (including the Fund and any co-investors that own such portfolio company), also benefit from the increased revenue earned by such portfolio company from such arrangement. Under these arrangements, a particular portfolio company may benefit to a greater degree than the other participants, and the Vista Fund(s) that own an interest in the portfolio company will receive a greater relative benefit from the arrangement than other Vista Funds. Fees paid by portfolio companies pursuant to these arrangements are not subject to Management Fee offsets or otherwise shared with Vista Funds.

The Governing Documents of certain Funds permit each such Fund's General Partner to withhold information from certain Limited Partners or Investors in such Fund in certain circumstances. The General Partner may elect to withhold certain information to such Limited Partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such Limited Partners of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which Vista and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

## ITEM 12: BROKERAGE PRACTICES

### **Broker Usage and Selection**

The Hedge Fund will regularly, and at certain times the Equity Funds and Perennial Fund will, invest in public companies and require a broker-dealer to trade in such securities. Additionally, the Credit Funds may utilize broker-dealers to trade in debt instruments on the secondary market and may pay markups or other commission to such firms for their services. Subject to the investment objectives, policies, and restrictions of the Funds as set forth in the Funds' Governing Documents, Vista has the authority to select a broker-dealer and to negotiate commissions and other compensation to be paid in connection with these transactions.

In determining the broker-dealers through which to initiate securities transactions for Funds, it is Vista's policy to obtain quality execution at the most favorable prices. In selecting a broker-dealer, Vista reserves the right to consider various relevant factors, although no one factor is determinative in the decision-making process, they include, but are not limited to, best price; current market conditions; time constraints; liquidity; volatility in the markets; volatility in the



particular type of security or asset; size and type of transaction; the nature and character of the market for the security or asset in the transaction; confidentiality; execution efficiency; settlement capabilities; financial condition of the broker-dealer; full range and quality of the broker-dealer's services; the responsiveness, reputation, reliability, and experience of the broker-dealer; the reasonableness of any commissions or spreads, difficulty of execution, ability and willingness to commit capital to the transaction; past effectiveness in executing illiquid or difficult types of securities or assets or difficult types of orders; and the value of brokerage and research services provided. Accordingly, the transactions will not always be executed at the lowest available price or commission.

In order to monitor best execution, Vista's Best Execution Committee will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of Vista and each Fund.

### **Soft Dollar Usage**

In addition to the factors considered above, Vista reserves the right to take into consideration the receipt of brokerage and research products and services in connection with brokerage transactions. When appropriate under its discretionary authority and consistent with the duty to seek best execution, Vista reserves the right to direct brokerage transactions for client accounts to broker-dealers who provide Vista with such products and services. The brokerage commissions used to acquire such products and services in these arrangements are known as "soft dollars."

Broker-dealers typically provide a bundle of services, including both research and brokerage (e.g., research ideas, investment strategies, block positioning capabilities, clearance, settlement, and custodial services). The research provided can be either proprietary or third-party. Broker-dealers do not generally charge separate fees for proprietary research and brokerage services. Vista reserves the right to direct brokerage transactions to acquire either type of research and execution services.

Section 28(e) of the Securities Exchange Act of 1934, as amended, provides a "safe harbor," which allows an investment adviser to pay for research and brokerage products and services with commission dollars generated by transactions. In determining whether a service or product qualifies as research or brokerage, Vista evaluates, among other things, whether the service or product provides lawful and appropriate assistance to Vista in carrying out its investment decision-making responsibilities. Vista limits its use of soft dollars to pay for research and execution services that fall within the safe harbor.

Vista uses soft dollars to pay for a portion of "mixed use" items (products or services that include both safe harbor eligible research/brokerage elements and non-safe harbor eligible research/brokerage elements). In such cases, Vista has a conflict of interest in allocating the costs of such services between those that primarily benefit Vista and those that primarily benefit its



Funds. In these cases, Vista makes a good faith allocation of the portion of those services used for non-research purposes and pays directly for such portion of those services. Accordingly, the approval for any mixed-use product will also include an approved allocation methodology, as detailed within Vista's soft dollar policy.

Vista benefits from the research and services that it receives because it does not need to pay for or generate the research internally, and this benefit could incentivize Vista to select a counterparty based on its interest in receiving research rather than Investors' interests in receiving the most favorable execution available.

### **Order Aggregation**

When transacting in the same publicly-traded security for two or more Funds, Vista reserves the right to aggregate the orders into a single order ("bunched order") if Vista, in exercising reasonable judgment at the time of the aggregation, believes the bunched trade is reasonably likely to result in an overall economic benefit to each Fund. Such determination is based on an evaluation that the Fund will benefit from relatively better purchase or sale prices, lower commission expenses, or better timing of the transactions, or a combination of these and other factors. In instances where the execution prices are different due to the volume and execution time of the securities transacted, each of the Funds will generally receive the average transaction price.

In the event a bunched order is only partially executed, the executed portion of combined transaction orders for two or more Funds will be allocated, when possible, on a pro rata basis (to the nearest round lot), with each Fund receiving a percentage of the executed portion of the order based upon each Fund's percentage of the original order. This policy will apply to all Funds participating in the execution under the same trading circumstances (price limits, time of entry, etc.). The allocation will be made at the average execution price or at prices mathematically closest to the average price. Every effort will be made to use a single average price in such allocations; the documentation will be maintained by the executing broker. The executing broker will provide an average price for the day for the execution(s) unless the orders are placed separately with a wide discrepancy in price paid/received.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **Equity, Perennial, and Credit Funds**

The investment portfolios of the Equity, Perennial, and Credit Funds are generally private, relatively illiquid and long-term in nature. Vista's review of these Funds is not directed towards a short-term decision to dispose of securities. However, Vista closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies.





## Hedge Fund

The Hedge Fund investment team reviews the Hedge Fund portfolio daily. Additionally, the Hedge Fund is reviewed regularly to assure conformity with the objectives and guidelines of the Hedge Fund's Governing Documents. Additional or focused reviews can be triggered by factors such as political and economic developments, corporate announcements, and changes in market conditions.

## Reporting

Vista provides investment advisory and administration services to the Funds and employs outside administrators to provide administrative and accounting services to the Funds and Investors. Each Investor typically receives a quarterly statement from Vista and annual audited financial statements for such Fund. Outside tax, accounting, and legal professionals are engaged on an as-needed basis to assist with year-end financial and tax reporting and other complex administrative issues. Vista and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more Investors in such Fund as they deem appropriate.

# ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

For details regarding economic benefits provided to Vista by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, Vista and its related persons, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

While not client solicitation arrangements, Vista has in the past entered into agreements to compensate third parties for Investor referrals and expects to enter into similar agreements or arrangements in the future. These arrangements are intended to comply with the applicable rules and regulations of the Advisers Act. Details of how the costs of any such placement agent or referral arrangement are to be borne, either by Vista or the Investor will, if applicable, be set forth in a written agreement with such placement agent and, as required, disclosed to Investors, either through inclusion in the Governing Documents of the Fund or by separate notice or agreement. Investors should be aware that the receipt of compensation by a placement agent or third-party solicitor creates a potential conflict of interest and may affect the judgment of the placement agent or solicitor when making a recommendation for an investment with Vista. In addition, any third-party compensation arrangement will comply with federal and state laws regulating third-party compensation.



Mr. Smith, and certain of his family members, are associated with, and Mr. Smith currently serves as Chairman of PrivilEdge. From time to time, Vista may engage PrivilEdge to place the securities of its Funds with non-U.S. investors. As indicated in Item 5 above, fees and expenses payable to PrivilEdge in connection with such placement generally will be borne by Vista indirectly through an offset against the Management Fee under the Governing Documents. Any such fees and expenses will generally be attributed only to the specific Investors brought in by PrivilEdge and will have no impact on any other Investors.

For additional information regarding other compensation, please see Item 5 above.

## ITEM 15: CUSTODY

Vista maintains custody of assets held in the name of the Funds with the qualified custodians identified in Form ADV Part 1.

## ITEM 16: INVESTMENT DISCRETION

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the Investors in the Funds. Vista, subject to the investment policies, objectives, and limitations set out in the Governing Documents of the Funds, has full discretionary authority over the investments made on behalf of the Funds. This discretionary authority includes the ability to select the type, amount, and price of the investments bought and sold on behalf of the Funds, including the selection of, and commissions paid to, broker-dealers, and to investment bankers and other professionals.

As a general policy, Vista does not allow clients to place limitations on this authority. Vista reserves the right, however, subject to the terms of a Fund's Governing Documents, to enter into side letter arrangements with certain Investors in such Fund whereby the terms applicable to such Investors' investment in such Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory, or other similar reasons. As described in more detail in Item 11, Vista may also provide non-discretionary advice to certain co-investment vehicles.

More detailed information may be found in the Governing Documents for each Fund.

## ITEM 17: VOTING CLIENT SECURITIES

As required by Rule 206(4)-6 under the Advisers Act, Vista has adopted and implemented written policies and procedures for voting proxies with respect to securities owned by the Funds for which the Adviser exercises voting authority and discretion. Generally, Vista will fulfill its obligations by voting in a manner that is in the best interest of the Fund, considering its intention to promote the



Funds' investment objective, to maximize investment returns, following the investment restrictions and policies of the Fund.

It is Vista's general policy to vote or give consent on all matters presented to security holders in any vote. However, Vista may abstain from voting, but only if, in the judgment of Vista, the costs associated with voting outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Vista believes that its interests are generally aligned with the Funds' and Investors' interests through ownership by Vista, or its affiliates, in a Fund. Vista has set forth predetermined guidelines on certain reoccurring and significant proxy topics. Generally, Vista will vote in accordance with these predetermined policies. Funds generally cannot direct Vista's vote.

In most cases, the investment professional covering the particular investment will make the decision as to the appropriate vote for any particular vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the voting decision, the investment professional will inform the CCO of any such voting decision, and if the CCO does not object to such decision as a result of their conflict of interest review, the vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with Vista's Chief Legal Officer as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the relevant Funds' holdings.

Vista's CCO has the responsibility to monitor votes for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions will require a mandatory conflicts of interest review by Vista's CCO in accordance with Vista's proxy voting policies and procedures, which will include consideration of whether Vista or any investment professional or other person recommending how to vote and/or Vista's affiliates and their clients has an interest in how the vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of votes in accordance with the principles set forth above, according first priority to the best interest of the relevant Funds. Vista's CCO will use their reasonable judgment to address any such conflict of interest and ensure that it is resolved in accordance with their independent assessment of the best interests of the Funds. In the event the Adviser determines there is or may be a material conflict of interest between Vista and one of Vista's Funds in voting proxies, Vista will address such material conflict of interest using one of the following procedures: (i) referring the matter to a Fund's Advisory Committee or Investor Committee for guidance; (ii) vote the proxies using established voting policies; or (iii) refer the proxy vote to the Compliance Committee to address material conflicts of interest in voting a proxy.



Where Vista's CCO deems appropriate in their sole discretion, unaffiliated third parties may be used to help resolve conflicts or to otherwise assist Vista in fulfilling all or part of its voting obligations. In this regard, Vista can retain independent fiduciaries, consultants, professionals, and/or other advisors to assist with voting decisions and/or to which voting and/or consent powers may be delegated in accordance with its proxy voting policies and procedures (such person, a "Proxy Advisor"). In determining whether to engage (or continue to engage) a Proxy Advisor, Vista's CCO evaluates whether the Proxy Advisor has the capacity and competency to adequately analyze matters for which Vista is responsible for voting, considering such factors as Vista's CCO deems appropriate.

Vista maintains records for each matter relating to a portfolio security with respect to which a client was entitled to vote.

A copy of Vista's proxy voting policies, its voting record, and reports prepared by the Compliance Committee will be provided upon request by contacting Vista's CCO, Gwen Reinke, by phone at (415) 765-6500 or by email at [greinke@vistaequitypartners.com](mailto:greinke@vistaequitypartners.com).

## ITEM 18: FINANCIAL INFORMATION

Vista has no events requiring disclosure under this Item of the brochure. Vista does not require or solicit prepayment of Management Fees six months or more in advance.