

**ITEM 1  
COVER PAGE**

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**PART 2A OF FORM ADV: FIRM BROCHURE**

**VERITAS CAPITAL FUND MANAGEMENT, L.L.C.**

**March 2021**

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*This brochure (this “Brochure”) provides information about the qualifications and business practices of Veritas Capital Fund Management, L.L.C. (the “Firm”). If you have any questions about the contents of this Brochure, please contact us at (212) 415-6700 or [info@veritascapital.com](mailto:info@veritascapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.*

*Additional information about Veritas Capital Fund Management, L.L.C. is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).*

*Registration with the SEC or with any state securities authority does not imply a certain level of skill or training.*

## **ITEM 2**

### **MATERIAL CHANGES**

Veritas Capital Management, L.L.C. (the “Firm”) filed its most recent Form ADV Part 2 (“Firm’s Brochure”) on October 25, 2020. This annual amendment reflects updates to the descriptions of potential conflicts of interest and the business practices of the registrant and supplements existing disclosures relating to the Firm’s practices and related potential conflicts of interest under “Advisory Business”, “Fees and Compensation”, “Performance-Based Fees and Side-by-Side Management”, and “Methods of Analysis, Investment Strategies and Risk of Loss”. Clients and prospective clients should read the Firm’s Brochure in its entirety.

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## ITEM 4 ADVISORY BUSINESS

Veritas Capital Fund Management, L.L.C., a Delaware limited liability company (the “Firm”), was organized on June 14, 2005 with an office in New York. Ramzi M. Musallam and Hugh D. Evans are the managing partners of the Firm. Veritas Manager Holdings, L.P., a Delaware limited partnership (“Holdings”), is the principal owner of the Firm, Veritas Manager Feeder, L.P., a Delaware limited partnership (“Feeder”), is the principal owner of Holdings and Mr. Musallam is the principal owner of Feeder. As Chief Executive Officer and Managing Partner of the Firm, Mr. Musallam has ultimate responsibility for the management, operations and investment advice provided by the Firm.

The Firm serves as the management company and provides investment advisory services to private pooled investment vehicles, the securities of which are offered to investors on a private placement basis, and related co-investment vehicles (each a “Fund” and collectively, the “Funds”).

Certain of the Funds are private equity funds that invest primarily in private securities and related co-investment vehicles (each, an “Equity Fund” and collectively, the “Equity Funds”). The Equity Funds include The Veritas Capital Fund III, L.P. (together with its related co-investment vehicles, “Veritas Fund III”), The Veritas Capital Fund IV, L.P. (together with its related co-investment vehicles, “Veritas Fund IV”), The Veritas Capital Fund V, L.P. (together with its related co-investment vehicles, “Veritas Fund V”) The Veritas Capital Fund VI, L.P. (together with its related co-investment vehicles, “Veritas Fund VI”) and The Veritas Capital Fund VII, L.P. (together with its related co-investment vehicles, “Veritas Fund VII”). Each of the Equity Funds is closed to new capital commitments as of the date hereof.

In addition, certain of the Funds invest primarily in debt instruments (each a “Credit Fund,” and collectively with any related alternative investment vehicles, the “Credit Funds”). The Credit Funds include: Veritas Capital Credit Opportunities Fund, L.P., Veritas Capital Credit Opportunities Fund (Onshore), L.P., and Veritas Capital Credit Opportunities Fund (Offshore), L.P. The investment strategies of the Funds are discussed further in Item 8 of this Brochure.

Veritas Capital Partners III, L.L.C. (“Veritas III GP”), Veritas Capital Partners IV, L.L.C. (“Veritas IV GP”), Veritas Capital Partners V, L.L.C. (“Veritas V GP”) and Veritas Capital Partners VI, L.L.C. (“Veritas VI GP”), Veritas Capital Partners VII, L.L.C. (“Veritas VII GP”) and Veritas Capital Credit Opportunities GP, L.L.C. (“Credit Fund GP”), each a Delaware limited liability company and an affiliate of the Firm, serve as the general partner (in such capacity, the “General Partner” and collectively, the “General Partners”) of Veritas Fund III, Veritas Fund IV, Veritas Fund V, Veritas Fund VI, Veritas Fund VII and the Credit Funds respectively.

The Firm tailors its investment advisory services with respect to each Fund in accordance with the investment objectives and guidelines set forth in such Fund’s limited partnership agreement, offering memorandum and other governing documents. Each of the General Partners has entered into side letter agreements with specific investors, the terms of which include disclosure obligations, co-investment opportunities (which typically are not subject to the Management Fee and Carried Interest (each as defined below)) and notice of certain thresholds

pursuant to legal or regulatory requirements applicable to such investors (but do not include modifications to the Management Fee and Carried Interest terms set forth in the relevant Fund's constituent governing documents).

The Firm managed \$24,314,700,000 as of December 31, 2020 on a discretionary basis. This amount includes the total unfunded capital committed by investors, as of December 31, 2020, to Veritas Fund III, Veritas Fund IV, Veritas Fund V, Veritas Fund VI, Veritas Fund VII and the Credit Funds. The Firm does not manage any assets on a non-discretionary basis.

*This Brochure generally includes information about the Firm and its relationships with its clients and affiliates. While much of this Brochure applies to all such clients and affiliates, certain information included herein applies to specific clients or affiliates only. This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. The Firm may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that the Firm considers appropriate, subject to each client's investment objectives and guidelines.*

## **ITEM 5 FEES AND COMPENSATION**

The management fees and performance-based compensation applicable to each Fund are set forth in detail in such Fund's governing documents. Generally, each Fund pays the Firm a fee for investment management services (a "Management Fee") and pays its General Partner a performance-based carried interest (the "Carried Interest"), as more fully described below. Notwithstanding anything set forth in this Item 5, except for one such co-investment vehicle that pays a Carried Interest, vehicles formed to co-invest with a Fund do not generally pay any Management Fee or Carried Interest, although such Management Fee and/or Carried Interest arrangements are expected to be established in the future with respect to other co-investment vehicles.

Each Equity Fund pays the Firm a Management Fee quarterly in advance. The Credit Funds pay the Firm a Management Fee quarterly in arrears. Each Fund also pays its General Partner a Carried Interest, if at all, when investments are realized by such Fund. The constituent governing documents of each Fund contain "clawback" provisions with respect to the Carried Interest. In the sole discretion of the Firm and each General Partner, the Management Fee and/or the Carried Interest payable by a Fund may be waived or reduced with respect to certain limited partners in such Fund, and have been waived with respect to the limited partners affiliated with the Firm.

Neither the Firm nor the General Partners receive any fees from the Funds, other than the Management Fee and the Carried Interest described above, but the Firm and the General Partners are reimbursed by the Funds for certain partnership expenses, as detailed below. The Funds do not pay the Firm or the General Partners brokerage or other transaction fees, although the Funds' portfolio companies do pay transaction fees to the Firm, as described below.

### **Management Fee**

#### *Equity Funds*

### Veritas Fund III

Fund III no longer charges a Management Fee.

### Veritas Fund IV

The Management Fee payable by Veritas Fund IV is equal to 1% per annum of net invested capital attributable to the limited partners of Veritas Fund IV not affiliated with Veritas IV GP. Although Fund IV continues to accrue the Management Fee, as a result of required reductions to the Management Fee arising out of payments made to the Firm by portfolio companies of Veritas Fund IV, the Management Fee payable by Veritas Fund IV has been reduced to zero.

### Veritas Fund V

The Management Fee payable by Veritas Fund V is equal to 1.50% per annum of net invested capital attributable to the limited partners of Veritas Fund V not affiliated with Veritas V GP. Although Fund V continues to accrue the Management Fee, as a result of required reductions to the Management Fee arising out of payments made to the Firm by portfolio companies of Veritas Fund V, the Management Fee payable by Veritas Fund V has been reduced to zero.

### Veritas Fund VI

During the “Investment Period”, as such term is defined in Veritas Fund VI’s governing documents, the Management Fee payable by Veritas Fund VI with respect to each limited partner of Veritas Fund VI not affiliated with Veritas VI GP had ranged from 1.50% to 1.75% per annum of the capital commitment of such limited partner, depending on the amount of such limited partner’s capital commitment. Following the termination of the Investment Period, *i.e.*, commencing on the date that is the earlier of the fifth anniversary of February 14, 2017 or the date on which the Firm or an affiliate of the Firm receives a Management Fee from a new pooled investment vehicle or a separately managed account established by Veritas VI GP or its affiliates with an investment strategy substantially similar to that of Veritas Fund VI, the Management Fee payable by Veritas Fund VI with respect to each limited partner of Veritas Fund VI not affiliated with Veritas VI GP ranges from 1.25% to 1.50% per annum of the net invested capital attributable to such limited partner, depending on the amount of such limited partner’s capital commitment.

### Veritas Fund VII

The Management Fee payable by Veritas Fund VII with respect to each limited partner of Veritas Fund VII not affiliated with the Veritas VII GP generally ranges from 1.40% to 1.75% per annum of the capital commitment of such limited partner, depending on the amount of such limited partner’s aggregate capital commitments to Veritas Fund VII and the Credit Funds. Commencing on the date that is the earlier of the fifth anniversary of the final closing date, or the date on which the Firm or an affiliate of the Firm accrues or receives a Management Fee from a new pooled investment vehicle or a separately managed account established by Veritas VII GP or its affiliates with an investment strategy substantially similar to that of Veritas Fund VII, the Management Fee payable by Veritas Fund VII with respect to each limited partner of Veritas Fund VII not affiliated with the Veritas VII GP will range from 1.15% to 1.50% per annum of the net

invested capital attributable to such limited partner, depending on the amount of such limited partner's aggregate capital commitments to Veritas Fund VII and the Credit Funds.

### Credit Fund

The Management Fee payable by the Credit Funds with respect to each limited partner of the Credit Funds not affiliated with the Credit Fund GP ranges from 1.25% to 1.50% per annum of the net invested capital attributable to such limited partner, depending on whether the limited partner was admitted to the Credit Funds on or after the initial closing date of the Credit Funds. Commencing on the date that is the earlier of the fourth anniversary of the final closing date, the date on which the investment period of the Credit Funds is terminated as a result of a key person event, or the date the investment period is suspended and not subsequently reinstated by a vote of 60%-in-interest of the limited partners, the Management Fee payable by the Credit Funds with respect to each limited partner of the Credit Funds not affiliated with the Credit Fund GP ranges from 1.00% to 1.25% per annum of the net invested capital attributable to such limited partner, depending on whether the limited partner was admitted to the Credit Funds on or after the initial closing date of the Credit Funds.

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.

### **Carried Interest**

Generally, each of the General Partners is entitled to receive a 20% Carried Interest from its respective Fund, which is calculated after the limited partners of such Fund receive a return of their capital contributions to such Fund and a preferred return equal to 7 to 8% per annum, as disclosed in each Fund's limited partnership agreement, compounded annually, on their capital contributions to such Fund, subject to catch-up payments to such General Partner after such preferred return payments are made to the limited partners of such Fund.

### **Operating Expenses**

As set forth in detail in each Fund's limited partnership agreement, the Firm and the General Partners are entitled to be reimbursed for expenses that are required to be borne by each of the Funds and incurred in connection with operating such Fund. Those expenses generally include: (i) the fees, costs, expenses, liabilities and obligations that are not borne or reimbursed by portfolio companies (which, subject to limitations on travel expenses that are broken deal expenses as set forth in the applicable governing documents, includes travel, lodging, meals and any other expense incurred in connection with a portfolio investment) directly or indirectly arising out of, relating to or attributable to a Fund's and/or its direct or indirect subsidiaries' or other holding companies' activities, business and actual or potential portfolio investments, (i) the fees, costs, expenses, liabilities and obligations of professional advisors, such as legal counsel, consultants (including, without limitation, the costs of any consulting and retainer services and other compensation paid to consultants performing investment initiatives or other similar services with

respect to a Fund or one or more portfolio investments), accountants, tax advisors, auditors and administrators, (ii) expenses of the investor advisory committee of such Fund, including the reasonable travel expenses of members of the advisory committee incurred in attending meetings thereof, (iii) annual meetings of the partners, including expenses relating to the annual meeting dinner held on the evening before the content portion of the meeting, meeting speakers and presenters, food, beverages and other venue charges and any giveaways or other miscellaneous items that are provided at the annual meeting, (iv) the cost of insurance, including directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance, (v) investor portal fees, (vi) fees, costs, expenses, liabilities and obligations associated with developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services), technology and systems development costs to the extent attributable to activities undertaken for the benefit of a Fund or its partners, (vii) fees, costs, expenses, liabilities and obligations associated with any activities with respect to protecting the confidential or non-public nature of any information or data, (viii) fees, costs, expenses, liabilities and obligations associated with the acquisition, holding and disposition of portfolio investments, including expenses associated with negotiating, consummating, purchasing, bidding on, operating, originating, holding, trading, settling, hedging, monitoring, rating, valuing, dissolving, winding up, liquidating, restructuring, selling, taking public or private portfolio investments, including any travel (including, where appropriate, the cost of chartering private aircraft or portion thereof not in excess of the cost of first class commercial airfare), meals or entertainment relating to portfolio investment activities, or otherwise seeking to do any of the foregoing (including any associated legal, financing, banking, commitment, transaction or other fees and expenses payable to attorneys, accountants, lenders, financing sources, diligence providers, software or service providers, advisors, consultants and similar professionals, respectively, in connection therewith (including in respect of transactions that have been offered to or contemplated to include co-investors), interest and fees on money borrowed by a Fund, the Firm, the General Partner on behalf of such Fund, expenses incurred in connection with credit facilities, registration fees and expenses and related expenses and commitment, real estate title, survey, brokerage, finders', custodial and other fees), and communications regarding the foregoing, whether or not any contemplated investment, transaction or project (or co-investment) is consummated and whether or not such activities are successful; indebtedness of, or guarantees made by, a Fund, its General Partner or any affiliates made on behalf of or in respect of the Fund (including any margin loan, credit facility, letter of credit or similar credit support), including interest with respect thereto, or evaluating, negotiating or seeking to put in place any such indebtedness or guarantee; debt service fees, origination or other fees and expenses; expenses that are reimbursed to the Firm by portfolio investments and are incurred in connection with the Firm's monitoring and advisory services; fees, costs, and expenses of brokerage, custodial, depository, agent bank and other bank, transfer, registration, trustee, record keeping, account and similar services; fees, costs, expenses, liabilities and obligations of engaging any broker, dealer, underwriter (including both commissions and discounts), loan administrator, investment banker, finder and similar service provider, (ix) fees, costs, expenses, liabilities and obligations associated with the acquisition of investments not consummated, including, but not limited to, reverse break-up, termination and other similar fees, and the fees and expenses of professional advisors (collectively, "Broken Deal Expenses"), (x) fees, costs, expenses, liabilities and obligations associated with any third-party experts, including independent appraisers, engaged by a General Partner in connection with a Fund considering, making or



holding an investment in the same entity as one or more other investment vehicles sponsored by the Firm, (xi) expenses associated with organizing and managing any subsidiary of the Funds or an investment vehicle sponsored by Veritas, (xii) extraordinary expenses (such as costs and expenses relating to actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution processes and indemnification, and the amount of any judgments, other awards or settlements paid in connection therewith), (xiii) any taxes, fees or other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, investigation settlement or review of a Fund (other than any such amounts that are reimbursed by or treated as distributed to such Fund pursuant to such Fund's partnership agreement), (xiv) fees, costs, expenses, liabilities and obligations associated with the preparation or distribution of the Funds' administrative, regulatory or other Fund-related reporting or filing (excluding, for the avoidance of doubt, the fees, costs, expenses, liabilities and obligations related to the preparation and filing of Form PF, the Firm's Form ADV and any other registration or filing obligations of the General Partners and/or the Firm not directly related to the relevant Fund), and (xv) all other expenses required to be borne by the Funds as provided in the constituent governing documents of the Funds, including the costs of reports, financial statements and tax returns and estimates or other information required to be delivered to the limited partners of such Fund; provided, that as provided in the limited partnership agreement and the governing documents of certain Funds, the Firm is required to bear certain travel expenses incurred during each calendar year in respect of portfolio investments that are not consummated by such Funds.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

The Firm allocates fees and expenses for products and services purchased or utilized by more than one Fund (such as fees for certain technologies used for investor reporting or meetings of investors for more than one Fund) among the Funds (including co-investment vehicles) in a manner that the Firm believes, in good faith, is fair and equitable under the circumstances and considering such factors as the Firm deems relevant, but in its sole discretion, subject to each relevant Fund's limited partnership agreement and internal expense allocation policies. As a general matter, costs incurred in connection with services performed for the sole benefit of a Fund are generally charged to the specific Fund. For Captive Investments (defined below), expenses specifically attributable to the negotiation of equity and control-oriented debt agreements and related diligence, if determinable, will be allocated to the Equity Fund(s) and any applicable co-investing entities. Expenses specifically attributable to the negotiation of other debt agreements and related diligence specifically related to the credit opportunity, if determinable, will be allocated to the Credit Fund and/or any applicable co-investing entities. In exercising its discretion to allocate expenses among the relevant Funds and co-investment vehicles, the Firm will take into account various factors, such as the relative amount of committed capital to such Fund or co-investment vehicle, the relative amounts invested by the relevant Funds and co-investment vehicles and the relative benefits received by the relevant Funds and co-investment vehicles from the applicable product or service generating an expense. Factors such as scope of services, time frame of the services provided, and benefit/utilization by each vehicle are also considered. Shared

expenses typically will be allocated among the relevant Funds (including co-investment expenses) required to bear the applicable expenses. The allocations of such expenses will not be proportional in all cases, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate pro rata based on number of funds or co-investors receiving related benefits or proportionately in accordance with asset size. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

Co-investors generally bear their pro rata share of fees, costs, expenses, liabilities and obligations related to acquiring, holding, managing, operating, valuing, dissolving, winding up, liquidating, restructuring, taking public or private or otherwise disposing the investments in which they participate. However, co-investors generally do not agree in advance to pay their pro rata share of Broken Deal Expenses. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise have been beneficial, in the judgment of the General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction are likely to be borne entirely by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction, even if identified, subject to certain exceptions when a Fund planned to participate in such unconsummated transaction alongside another Fund, which in such cases, Broken Deal Expenses will generally be allocated pro rata based on the proposed investment to be made by the participating Funds. As a general matter, Broken Deal Expenses are allocated among Fund investors regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. 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.

To the extent holding or intermediate entities include one or more special purpose acquisition companies (“SPACs”), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders’ equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the governing documents, such interests are permitted to be issued to the Firm and its personnel. 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.

In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the Firm or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The Funds have different reimbursement terms, including with respect to Management Fee offsets, which are expected to result in a Fund bearing different levels of expenses with respect to the same investment. The Funds will generally only benefit from any Management Fee reduction with

respect to the portion of any such offsetable fee allocable to non-affiliated partners and not the portion of any fee allocable to any other investor or potential investor in a portfolio company. In certain cases it is possible that another Fund will receive the benefit of any Management Fee offsets with respect to any offsetable fees, as applicable. With respect to expenses reimbursable to a Fund, it is possible that another Fund could default on its obligation to reimburse such Fund, although the Firm believes such circumstances to be highly unlikely.

### **Organizational Expenses**

Generally, expenses incurred in connection with the organization and start-up of each Fund, its General Partner and any Fund-specific affiliated entities, including travel (including, where appropriate, the cost of chartering private aircraft), printing, legal, filing, capital raising, accounting fees and expenses, regulatory compliance, and any administrative or other filings (excluding, for the avoidance of doubt, the fees, costs and expenses related to the preparation and filing of Form PF, the Firm's Form ADV and any other registration or filing obligations of such Fund's General Partner and/or the Firm not directly related to such Fund), and other organizational expenses ("Organizational Expenses"), shall be borne by such Fund; *provided*, that such amount shall not exceed any limit set forth in such Fund's governing documents.

### **Placement Fees**

Generally, placement fees due to any Placement Agents (as defined in Item 8) will be paid by a Fund. The Management Fee payable by such Fund is reduced by all or a portion of any placement fees and out-of-pocket expenses of any Placement Agents paid by such Fund to such Placement Agents.

### **Other Compensation**

Portfolio companies of a Fund pay transaction fees, monitoring fees and other fees, including permitted directors fees, advisory fees, financial consulting fees and closing fees, directly to the Firm or its affiliates from time to time ("Other Fees"). In that case, the Management Fee payable by such Fund is reduced by all or a portion of such fees, as prorated among the Fund and its affiliates that have also invested in such portfolio companies and among the limited partners of such Fund who bear Management Fees. In addition, the Management Fee is also reduced by all or a portion of any break-up fees paid to the Firm or its affiliates by a prospective portfolio company in connection with a terminated transaction, prorated as described above. The General Partners reserve the right to, in their sole discretion, waive or reduce the Management Fee payable by investors, including limited partners who are affiliates or employees of the relevant General Partner, including with respect to the Firm's commitment.

In addition, the Firm reserves the right to retain, from time to time, other companies or individuals ("Operating Partners"), which include affiliates of the Firm, employees of such affiliates or of current or former portfolio companies of the Funds, as well as unaffiliated third parties. The Operating Partners have been and will be engaged to provide services to, or in connection with, the Funds in relation to their activities or to one or more current or prospective portfolio companies of the Funds in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such

portfolio companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Fees, other compensation and expenses associated with the foregoing services will be paid and/or reimbursed by the applicable portfolio companies and/or the Funds, and pursuant to the terms of the relevant Fund's governing documents, generally do not offset or reduce the Management Fee. To the extent that Operating Partners 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 Operating Partner's services at a time when fewer portfolio companies or Funds make use of such Operating Partner.

The Firm is permitted to exempt certain "affiliated partner" investors in the Funds from payment of all or a portion of Management Fees and/or Carried Interest, including members of the Firm and any other person designated by the Firm, such as "friends and family" of the Firm or its personnel, or other investors meeting certain qualification requirements based on commitment size. With respect to any affiliates and any other clients or investors that do not pay the Firm any Management Fee (which is usually the case for co-investment vehicles managed by the Firm), the Firm retains the portion of such transaction fees, monitoring fees, break-up fees and other fees allocable to such affiliates or such other clients or investors, which may be significant. In certain circumstances, the Firm is expected to structure its compensation from investors and agree to invoice an investor directly for Management Fees or other compensation rather than deducting such amounts from the investor's capital account(s).

The Firm and its supervised persons do not accept compensation from the Funds for the purchase and sale of portfolio investments, although, as described above, the Firm receives transaction fees in connection with portfolio investments made by a Fund. The Firm believes that it effectively addresses any conflicts of interest created between the Firm and the Funds by these arrangements.

Employees of the Firm generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, Carried Interest or other compensation received by the Firm or its affiliates. Certain former employees are entitled to receive compensation derived from, and in certain cases including a portion of, Carried Interest or other compensation received by the Firm or its affiliates.

## **ITEM 6**

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

As described above, the General Partners accept performance-based fees from the Funds. Because the Carried Interest is based on a percentage of net realized profits, the existence of Carried Interest arrangements with the Funds could create an incentive for the General Partners to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such arrangements.

Additionally, although the limited partners of the Funds are generally charged the Carried Interest at the same rates, the Firm's personnel could be assigned varying percentages of carried interest from the Funds, and as such, the Firm and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as

appropriate for Funds from which they are entitled to receive a higher carried interest percentage. Moreover, Carried Interest arrangements with respect to future investment funds advised by the Firm may differ from those arrangements with the Funds. Such variation could create an incentive to direct investment opportunities to investment funds that pay or allocate a higher Carried Interest, where such discretion is permitted.

The Firm seeks to address such conflicts on a fair and equitable basis in its good faith discretion and has established policies and procedures to address the potential conflicts of interest described above through careful review of investment opportunities, including review of available capital, anticipated duration of the investment, likelihood of profitability, portfolio diversification requirements, liquidity requirements and other appropriate factors.

The General Partners allocate investment opportunities in accordance with the investment guidelines of each Fund and offer co-investment opportunities in accordance with the terms of the limited partnership agreements of the Funds and side letter agreements, as applicable. The General Partners reserve the right to allocate co-investment opportunities to one or more persons for any number of reasons. In exercising its discretion in connection with co-investment opportunities, the General Partner will consider some or all of a wide range of factors. Funds are permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of such Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund may in certain circumstances be liable for actions of its third-party co-venturer or partner.

For further discussion of the conflicts discussed in this Item 6, see Item 8 of this Brochure.

## **ITEM 7 TYPES OF CLIENTS**

The clients to whom the Firm provides investment advisory services are private investment funds, the securities of which are offered to investors on a private placement basis, that invest primarily in private equity. References through this Brochure to “clients” and to the Firm’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly.

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

*The descriptions set forth in this Brochure of specific advisory services that the Firm offers to clients, and investment strategies pursued and investments made by the Firm on behalf of its clients, should not be understood to limit in any way the Firm’s investment activities. The Firm is permitted to offer advisory services, engage in investment strategy and make investments, including any not described in this Brochure, that the Firm considers appropriate, subject to each client’s investment objectives and guidelines and the terms of the partnership agreements of the Funds. The investment strategies the Firm pursues are speculative and entail*

*substantial risks. Investors should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any client will be achieved.*

### **Equity Funds - General**

The Firm provides investment advice to the Equity Funds by primarily seeking equity investments in middle-market companies that provide critical products and services, primarily technology or technology-enabled solutions, to government and commercial customers worldwide in the target industries of aerospace & defense, communications, education, energy, government services, healthcare, national security, software and other sectors supported by a government-related customer base or impacted by government regulation or authority. The Equity Funds invest, on a limited basis and subject to the terms of their governing documents, in other industries on an opportunistic basis. Utilizing the operating expertise of its investment professionals, the Firm seeks to increase and sustain the value of investments made by the Equity Funds. The Firm advises the Equity Funds to generally make investments with the ultimate objective of obtaining control or the right to influence management, although the Equity Funds make investments in companies in which an Equity Fund does not obtain control or the right to influence management on a limited basis, subject to the terms of their governing documents.

### **Credit Funds - General**

In addition to the above, the Firm provides investment advice to the Credit Funds by primarily seeking non-control credit investments in middle-market companies that provide critical products and services, primarily technology or technology-enabled solutions, to government and commercial customers worldwide in the target industries of aerospace & defense, communications, education, energy, government services, healthcare, national security, software and other sectors supported by a government-related customer base or impacted by government regulation or authority. The Credit Funds target debt opportunities ranging from large liquid debt tranches to smaller, targeted financings, and are permitted to target investment opportunities in private debt and other credit products.

The Firm uses various methods of investment analysis to provide what it believes is sound investment advice. Notwithstanding the Firm's investment analysis, investing in securities involves a risk of loss.

*The following risk factors do not purport to be a complete list or explanation of the risks involved in investments made by the Funds. These risk factors include only those risks the Firm believes to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis currently employed by the Firm. For the avoidance of doubt, these risk factors include only those risks applicable to the private equity funds managed by the Firm.*

**Use of Leverage at the Portfolio Company Level.** In certain circumstances, the Firm intends to use leverage by, for example, having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state

of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines). The state of the broader credit markets is difficult to accurately forecast and, as a result, it may be difficult at times for a Fund to obtain or maintain the desired degree of leverage. In these circumstances, a Fund would be required to deploy additional Commitments, to the extent available, which would further increase concentration. The use of leverage also typically 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 portfolio company's condition or industry sector, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flows 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 the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, a Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

Principal and interest payments on indebtedness (including loans having "balloon" payments) may be required regardless of the sufficiency of cash flow from the investments. Loans requiring "balloon" payments may involve greater risks than loans where the principal amount is fully or partially amortized over the term of the loan, since the ability to repay the outstanding principal amount of a "balloon" loan may be dependent upon the liquidity of the portfolio company or the ability to obtain adequate replacement financing, which will, in turn, be dependent upon interest rates and lenders' policies at the time of refinancing, economic conditions in general and the value of the underlying investment. There is no assurance that replacement financing will be available to make "balloon" payments or that any replacement financing available will be on favorable terms. Lenders or other holders of senior positions to a Fund's equity will be entitled to a preferred cash flow prior to a Fund receiving a return on leveraged portfolio companies, and in the event a portfolio company is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness or where there is a breach of a performance covenant, the value of a Fund's equity investment in such portfolio company could be significantly reduced or even eliminated and distributions may be reduced or suspended to repay the borrowings.

**Fund-Level Borrowing.** In certain circumstances, Funds borrow funds, from time to time, to the extent not prohibited by the relevant limited partnership agreement, for investment or other business purposes pending receipt of capital contributions and to provide guarantees of portfolio companies, subject to certain limitations provided in the relevant limited partnership agreement. The use of leverage by a Fund also generally will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to the Fund or appreciation of its investments. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Such borrowing may be used for, among other purposes, the purchase of portfolio investments as

they become available in advance of the receipt of anticipated funds from capital contributions or realizations or otherwise when capital contributions are not available. Subject to the governing documents, the General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse the Firm for expenses incurred on behalf of the Fund. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations regarding the amount of time such leverage may remain outstanding. As security for such borrowing or guarantees, such Fund may grant liens on any of such Fund's assets to the lender or other counterparty, which assets may not necessarily be limited to a single portfolio investment. Such lender or other counterparty would, accordingly, have a claim that has priority over any claim by a limited partner of such Fund to such assets in an insolvency event or proceeding. In addition, to support borrowing, a Fund has the right to pledge all or a portion of such Fund's uncalled capital commitments, the right of such Fund's General Partner to deliver notices to such Fund's limited partners demanding capital contributions, and the right of such Fund's General Partner to enforce all rights and powers arising out of such Fund's right to receive capital contributions. Although borrowings by a Fund may enhance overall returns, they may further diminish returns (or increase losses) to the extent returns during the borrowing are less than such Fund's cost of funds or in the event of default. In borrowing on behalf of a Fund, the Firm is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. It is expected that costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

Required repayments of debt and related interest can adversely affect a Fund's operating performance. A Fund may have significant credit facilities as well as holding and operating company debt for which such Fund provides a guarantee or equity support agreement, each of which may be subject to these various risks. A Fund may also incur additional debt in connection with future acquisitions or investments by such Fund or portfolio companies. A Fund, in some instances, may borrow under an existing credit facility or borrow new funds to acquire investments. In addition, a Fund may incur or increase its leverage by obtaining loans secured by a portfolio of some or all of the portfolio investments acquired. In the event that a Fund is unable to repay any credit facility borrowings from its cash flows, such Fund may be required to dispose of investments to repay the lender(s). If a Fund is required to dispose of investments in order to repay lender(s) at an inopportune time or on an expedited basis, it may not realize as much value upon such disposition as it would receive in connection with an orderly disposition.

A Fund's credit facilities frequently will contain restrictions, requirements and other limitations on such Fund's ability to incur indebtedness, including financial covenants and asset-level covenants in the case of non-recourse financing. For example, a subscription line may impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments. A Fund's ability to borrow under its credit facilities and, in certain cases, its ability to respond to changes in the performance of its investments are subject to these financial and other covenants. A Fund may also have to pay break funding costs if it satisfies a debt fully or partially within a certain period of incurring the debt. A Fund may be limited in its ability to respond to changing



operational circumstances with respect to an investment in ways it would have done had it not been subject to asset-level covenants.

Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

**Bridge Financings.** A Fund may provide bridge financing to facilitate portfolio company investments. It is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the Fund's limited partnership agreement, in which case the investment would be treated as a permanent investment of such Fund. As a result, such Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which may exclude bridge financing investments.

**Available Investments; Limited Liquidity of Investments.** The private equity investment industry in which the Funds are engaged is highly competitive. Further, the identification of suitable investments is a difficult task, and there can be no assurance that the Funds will be able to implement their respective investment objectives. There is no assurance that a General Partner will be able to identify sufficient attractive investment opportunities to enable the full amount of capital committed to the relevant Fund to be invested. However, limited partners of a Fund will be required to pay annual Management Fees as described in Item 5 of this Brochure. A General Partner also may encounter significant competition for many of the investments it selects. Many of the Funds' (and the Firm's) competitors may have greater financial and other resources and may have better access to suitable investment opportunities. Potential competitors include other investment partnerships and corporations, governments, individuals, financial institutions, family offices, strategic industry acquirers and other financial investors, including hedge funds, investing directly or through affiliates. Further, over the past several years, an ever-increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by other unrelated parties. As the size of the Funds has increased, competitors may change and some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and more personnel than the Firm, the General Partners, the Funds and their affiliates. The Firm expects that competition for appropriate investment opportunities may increase, which may also require the Funds to participate in auctions, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which portfolio investments can be made. Participating in auctions will also increase the pressure on the Funds with respect to pricing of a transaction. For example, given the increasingly more competitive environment, it may become more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller

for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund, or the ability to terminate the transaction if there has been a material adverse change in the company's business prior to closing of the investment.

An investment in a Fund should be viewed as an illiquid investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. A Fund's exit strategy with respect to one or more investments can be affected adversely by numerous factors, many of which may be unforeseen or unexpected at the time the investment is made. Moreover, the limited liquidity of investments may adversely affect a Fund's ability to implement its exit strategies in the face of unexpected developments.

It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. Moreover, limited partners of a Fund may be allocated taxable income although they have not received any distributions. Furthermore, the costs and expenses incurred in connection with operating a Fund (including Management Fees) may exceed such Fund's income, thereby requiring that the difference be paid from such Fund's capital, including uncalled capital commitments.

**No Diversification Requirement; Risk of Loss.** Although the Firm expects that each Fund's portfolio will have a moderate degree of diversification, each General Partner is authorized, at any time, to invest the relevant Fund's assets in only a few investments, subject to the restrictions set forth in such Fund's limited partnership agreement, and each Fund is generally expected to invest exclusively in the Firm's target industries. Thus, the unfavorable performance by investments in one industrial or economic sector could have a substantial adverse impact on the aggregate returns realized by investors. In addition, although the Firm expects that most investments will include the characteristics identified in the relevant Fund's governing documents, the Funds may also make opportunistic investments in other assets.

**Reliance on the General Partners and Portfolio Company Management.** Control over the operation of each Fund will be vested with its General Partner, and the profitability of a Fund depends largely upon the business and investment acumen of the Firm's principals and other senior investment professionals and the actions of such Fund's General Partner. No limited partner of a Fund has the right, power or authority to participate in the ordinary and routine management of the affairs of such Fund or to exercise any control over the decisions of such Fund's General Partner. The loss or reduction of service of one or more of the Firm's principals or other senior investment professionals could have an adverse effect on a Fund's ability to identify investment opportunities and/or realize its investment objectives. In addition, certain changes in the Firm or circumstances relating to the Firm would, if they were to occur, have an adverse effect on the Funds or one or more of their portfolio companies including potential acceleration of debt facilities.

Each Fund's General Partner monitors the performance of each investment made by such Fund, however, it is primarily the responsibility of each portfolio company's management team to operate such portfolio company on a day to day basis. Although the Funds generally seek to invest in portfolio companies with strong management or recruit strong management to such

portfolio companies, there can be no assurance that the management of such portfolio companies will be able or willing to successfully operate a portfolio company in accordance with any of the relevant Fund's objectives. Additionally, portfolio companies will need to attract, retain and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate or retain suitable members of their management teams and, as a result, the Funds and their investments may be adversely affected.

**Reliance on Government Contracts.** The Funds invest in portfolio companies that are heavily dependent on U.S. government contracts, which may be only partially funded. These contracts are, and will remain, subject to the U.S. government's political and budgetary constraints, changes in short-range and long-range plans, the timing of contract awards, the congressional budget authorization and appropriation processes, the U.S. government's ability to terminate contracts for convenience or for default, as well as other risks such as contractor debarment in the event of certain violations of legal and regulatory requirements. Portfolio companies providing services under U.S. government contracts are also subject to extensive regulation and audit by agencies of the U.S. government. In addition, actions that may be taken with respect to fiscal stimulus programs, an extended federal government shutdown resulting from the failure to pass budget appropriations or adopt continuing funding resolutions, the debt ceiling, international trade and tariffs, among other things, could potentially delay award of contracts and timing of payments and cause significant economic, market, political and regulatory uncertainty in some of the Target Industries, which could adversely affect the performance of Portfolio Companies and the Partnership.

**Contingent Liabilities on Disposition.** In connection with the disposition of an investment, a Fund and its 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 a portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses) and may be responsible for the content of disclosure documents under applicable securities laws. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the relevant Fund and, ultimately, its limited partners. A General Partner may establish reserves as appropriate to provide for such contingent liabilities. In the event that the amount of such contingent liabilities exceeds the reserves and other assets of the relevant Fund, such Fund's limited partners may be required to repay to such Fund all or a portion of distributions previously received by them in respect of such portfolio company.

**Risk of Minority Positions in Portfolio Companies; Lack of Unilateral Control.** If, as part of its overall investment strategy, a Fund elects at any time to hold a minority position in one or more portfolio companies, it may not be able to exercise control over such companies. The amount of non-control investments that a Fund is permitted to make is restricted by the constituent governing documents of such Fund. Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Fund invests alongside third parties, such as institutional

co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio company may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the relevant Fund or its limited partners. Such third parties may be in a position to take action contrary to such Fund's business, tax or other interests, and such Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

**Need for Follow On Investments.** Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that a Fund will make follow on investments or 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 in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful operation or the dilution of such Fund's ownership and/or governance in a portfolio company if a third party invests in such portfolio company. Follow-on investments may be necessary to support existing portfolio investments but returns on such new capital may be limited. Furthermore, no assurance can be made that any follow-on investment made by a Fund will be profitable to such Fund.

**Toehold Investments.** A Fund may accumulate minority positions in the securities of potential portfolio companies, including public companies, and including in furtherance of a longer-term control investment strategy. While the Firm reserves the right to seek to achieve such accumulation through investments such as open market purchases, registered tender offers, negotiated transactions or private placements, a Fund may be unable to accumulate a sufficiently large position in a target company to execute its strategy. Moreover, a Fund may otherwise be unsuccessful in executing its strategy or may forego further implementation of its strategy. In addition, a Fund may dispose of its position in the target company at an inopportune time and there can be no assurance that the price at which the Fund can sell such securities will not have declined since the time of acquisition. This may be exacerbated by the fact that (i) securities of the companies that a Fund may target may be thinly traded, (ii) a Fund's position may nevertheless have become substantial, (iii) speculation following a Fund's investment, particularly if such interest becomes public, may increase the securities' price as the Fund accumulates positions, and (iv) a Fund's disposal may depress the market price for such securities, all of which will increase the risk of loss. Also, if a toehold investment is in publicly listed securities, certain filings may be required under the U.S. Securities Exchange Act of 1934, as amended, in respect of such toehold investment, including, without limitation, Form 3, Form 4, Form 13F, Form 13H, Schedule 13D filings and Schedule 13G filings, which will be expenses of the relevant Fund. In addition, filings under the Hart-Scott Rodino Act may be required, as well as other filings with regulatory agencies if the investment is in a company that is in a regulated industry. Certain of these regulatory filing

obligations will result in increased filing and legal costs and could delay, impede or prevent a Fund from executing its investment strategy, or require advance disclosure of a Fund's plans, proposals or intentions pertaining thereto, any of which could negatively impact a Fund's investments or investment opportunities.

**Credit Risks of Investments in Debt Instruments.** Credit portfolios are subject to credit risk, which is the likelihood that a company will default in the payment of principal and/or interest on its obligations, among other covenants and requirements. Financial strength and solvency of a company are key factors influencing credit risk. Portfolio companies may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance and increase credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment. In addition, portfolio companies may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurred, each Credit Fund's ability to make anticipated distributions to its limited partners could be delayed or otherwise adversely affected.

While the Credit Funds will generally target portfolio companies they believe are of high quality, these portfolio companies could still present a high degree of business and credit risk. Portfolio investments could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment or economic and financial market downturns and dislocations. As a result, portfolio companies that the Credit Funds expected to be stable or improve may operate, or be expected to operate, at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or maintain their competitive position, or may otherwise have a weak financial condition or be experiencing financial distress.

**Nature of Investments in Senior Loans.** 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 and second lien leveraged loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some first lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve first liens only on specified assets of an issuer (e.g., excluding real estate). Issuers of first lien loans may have multiple tranches of first lien debt outstanding, each of which may have first liens on separate collateral or may share first liens on the same collateral with one or more other tranches of first lien debt. Furthermore, liens with respect to primarily U.S. financings generally only cover U.S. assets, and non-U.S. assets are not included (other than, for example, where a borrower pledges a portion of the stock of first-tier non-U.S. subsidiaries). In the event of Chapter 11 filing by an issuer, the U.S. Bankruptcy Code authorizes the issuer to use a creditor's collateral and to obtain additional credit by grant of a prior lien on its property, senior even to liens that were first in priority prior to the filing, as long as the

issuer provides what the presiding bankruptcy judge considers to be “adequate protection,” which may but need not always consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. 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 their senior leveraged loans.

Any secured debt is secured only to the extent of the grant of security by the debtor to the secured party and only to the extent of the value of underlying assets or incremental proceeds on already secured assets. Moreover, underlying assets are subject to credit, liquidity, and interest rate risk. Although the amount and characteristics of the underlying assets selected as collateral may allow the Credit Funds to withstand certain assumed deficiencies in payments occasioned by the borrower’s default, if any deficiencies exceed such assumed levels or if underlying assets are sold, it is possible that the proceeds of such sale or disposition will not be sufficient to satisfy the amount of principal and interest owing to the Credit Funds in respect of their investment.

Senior secured credit facilities are generally syndicated to a number of different financial market participants. The documentation governing such facilities typically requires 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. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a Chapter 11 plan of reorganization is done on a class basis. As a result of these voting regimes, the Credit Funds may not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of debts owed to the Credit Funds.

Senior secured loans are also subject to other risks, 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) “lender liability” claims by the issuer of the obligations, (v) environmental and/or other liabilities that may arise with respect to collateral securing the obligations, (vi) recharacterization claims in which certain creditors may seek to have each Credit Fund’s debt positions recharacterized as equity and therefore subordinate each Credit Fund’s claims to such creditors’ claims and (vii) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 plan of reorganization in which lenders are entitled to vote as a class. Decisions in bankruptcy cases have held that a secondary loan market assignee 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 if such prior holder engaged in conduct that would qualify for equitable subordination.

**Nature of Mezzanine Debt and Other Subordinated investments.** Portfolio investments may consist of debt and equity securities and/or other instruments, loans 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 generally is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and are 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 Credit 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 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.

Subordinated debt investments may increase each Credit 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 portfolio company 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 portfolio company on 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 each Credit Fund's investment in such loan could be significantly reduced or even eliminated.

If a portfolio company 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 may vary substantially from jurisdiction to jurisdiction, may create the right of such portfolio company to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to each Credit Fund. With respect to portfolio investments in the form of subordinated debt instruments, 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 portfolio investments. In the event of a bankruptcy, liquidation, or reorganization, or similar proceeding relating to such a borrower, the Credit Funds 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 the Credit Funds 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.

**Nature of High Yield Debt.** The Credit Funds may invest in debt securities that may be classified as "higher-yielding" (and, therefore, higher-risk) debt securities. In most cases, such debt will be rated below "investment grade" or will be unrated and face ongoing uncertainties and exposure to adverse business, financial or economic conditions and the issuer's failure to make timely interest and principal payments. The market for high yield securities has experienced periods of volatility and reduced liquidity. Securities in the lower rated categories and comparable nonrated securities are subject to greater risk of loss of principal and interest than higher rated and comparable non-

rated securities and are generally considered to be predominantly speculative with respect to the issuer's capacity to pay interest and repay principal. They are also generally considered to be subject to greater risk than securities with higher ratings or comparable nonrated securities in the case of deterioration of general economic conditions. High yield securities may or may not be subordinated to certain other outstanding securities and obligations of the issuer, which may be secured by all or substantially all of the issuer's assets. High yield securities may also not be protected by financial covenants or limitations on additional indebtedness. The market values of certain of these debt securities may reflect individual corporate developments. General economic recession or a major decline in the demand for products or services offered by the issuer would likely have a materially adverse impact on the value of such securities or could adversely affect the ability of the issuers of such securities to repay principal and pay interest thereon and increase the incidence of default of such securities. In addition, adverse publicity and investor perceptions, whether or not based on fundamental analysis, may also decrease the value and liquidity of these high yield debt securities.

**Covenant-Lite Loans.** Although a General Partner may generally expect the loan documentation of most of the investments to include both incurrence and maintenance-based covenants, there may be instances in which the investments do not have maintenance financial covenants ("Covenant-Lite Loans") in the related loan documentation. An investment in a Covenant-Lite 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. As a result, the Credit Funds' exposure to losses may be increased, which could result in an adverse impact on the Credit Funds' return to their limited partners.

**Risks of Acquiring Non-Performing Debt Instruments, Loans and Participations.** Debt instruments and loans acquired by the Credit Funds may be or become non-performing following their acquisition for a wide variety of reasons. Such non-performing instruments or loans may require a substantial amount of workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate and a substantial writedown of principal. It is possible that a General Partner may find it necessary or desirable to foreclose on collateral securing one or more loans purchased by the Credit Funds. The foreclosure process varies jurisdiction by jurisdiction and can be lengthy and expensive. Borrowers often resist foreclosure actions, which often prolongs and complicates an already difficult and time consuming process. In some states or other jurisdictions, foreclosure actions can take up to several years or more to conclude. During the foreclosure proceedings, a borrower may have the ability to file for bankruptcy, potentially staying the foreclosure action and further delaying the foreclosure process. Foreclosure litigation tends to create a negative public image of the collateral assets and may result in disrupting ongoing management of the company. There can be no assurance as to the amount and timing of payments, if any, with respect to any such debt instruments.

**Issuer Fraud; Breach of Covenant.** Each Credit Fund will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in the Credit Funds as being speculative and having a high degree of risk. A concern in investments in loans or debt securities is the possibility of material misrepresentation or omission on the part of the borrower or issuers of debt securities.



Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or debt securities (if any) or may adversely affect the ability of the Credit Funds to perfect or effectuate a lien on any collateral securing the loan or debt securities. Each Credit Fund will rely upon the accuracy and completeness of representations made by borrowers and issuers to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Credit Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

**Disposition of Loan Origination Investments.** If each Credit Fund desires to sell or assign a loan that it originates, but is unable to sell, assign or successfully close transactions for assignments or participations in such loan, each Credit Fund will be forced to hold such loan until such time as it can be disposed, during which time a Fund may be “overweighted” with respect to a particular borrower.

**Loans to Private Companies.** A portion of the Credit Funds’ portfolio may consist of loans to medium-sized, privately owned businesses. Compared to larger, publicly owned firms, such companies generally have limited financial resources and access to capital, as well as higher funding costs. They may be in a weaker financial position and may need more capital to expand or compete. These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors’ actions and market conditions, as well as general economic downturns. There may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality. These companies are also more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies’ ability to meet their obligations. The above challenges increase the risk of these companies defaulting on their obligations.

**Participation on Creditor’s Committees.** Each Credit Fund may serve on committees formed by creditors (“Creditors’ Committees”) to negotiate with the equity owners and management of financially troubled companies that may or may not be in bankruptcy. Each Credit Fund may also seek to negotiate directly with companies with respect to restructuring issues. Even if each Credit Fund chooses to join a Creditors’ Committee, there can be no assurance that each Credit Fund would be successful in obtaining results favorable to it in such proceedings, and each 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 each Credit Fund’s service on such Creditors’ Committees, such Credit Fund may be deemed to have duties to other creditors represented by the Creditors’ Committees, which might thereby expose such Credit Fund to liability to such other creditors who disagree with such Credit Fund’s actions. Typically, the Credit Funds will not have representation on Creditors’ Committees when it invests alongside a Veritas Equity Fund.

The General Partner or the Credit Funds’ key personnel, on behalf of such Credit Fund, may elect to serve on Creditors’ Committees or other groups to ensure preservation or enhancement of each Credit Fund’s position and recovery 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. If the General Partner concludes that its obligations owed to the other parties as a Creditors' Committee or group member conflict with its duties owed to the Credit Funds, it will resign from that Creditors' Committee or group, and such Credit Fund may not realize the benefits, if any, of the General Partner's service on the Creditors' Committee or group.

**Effect of General Economic and Market Conditions in the Funds' Activities; Uncertain Environment.** The success of the Funds' activities will be affected by general economic and market conditions such as interest rates, availability of credit, credit defaults, liquidity shortages, inflation rates, economic uncertainty, changes in law and regulations (including laws relating to taxation of the portfolio investments), trade barriers, currency exchange controls, and national and international political circumstances (including wars, terrorist acts or security operations). These factors may affect the level and volatility of financial instruments' prices and the liquidity of the portfolio investments, which could impair a Fund's profitability or result in losses. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction and/or the inability of a Fund to dispose of investments at prices that its General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objectives.

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 or other sources of political, social or economic unrest, a shutdown of the United States federal government or declaration of a national emergency or war. Many business leaders expect the U.S. and Western Europe to enter into a recessionary period. 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 the Funds and their portfolio companies to execute their respective strategies and to achieve attractive dispositions of their businesses. This may slow the rate of future investments by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

While the Firm expects that the current environment will yield attractive investment opportunities for the Funds, there can be no assurances that conditions in the global financial markets will not worsen and/or adversely affect one or more of the portfolio investments, its access to capital for leverage, a portfolio company or each Fund's overall performance. A recession, slowdown and/or sustained downturn in the global economy (or any particular segment thereof) could have a pronounced impact on a Fund and could adversely affect such Fund's profitability, impede the ability of the portfolio companies to perform under or refinance their existing obligations, and impair a Fund's ability to effectively deploy its capital or realize its investments on favorable terms. In addition, economic problems in a single country are increasingly affecting

other markets and economies. A continuation of this trend could adversely affect global economic conditions and world markets and, in turn, could adversely affect a Fund's performance. 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 portfolio company's or a Fund's capital structure.

It is important to understand that in light of the nature of certain investments, a Fund may not be able to react quickly to changes in market conditions and a Fund could incur material losses even if it reacts quickly to difficult market conditions. There can be no assurance that a Fund will not suffer material adverse effects from broad and rapid changes in market conditions.

**Public Health Emergencies; COVID-19.** Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19 (as defined below), have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.

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

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across 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 (including the effectiveness of vaccines

and the implementation of vaccination programs) designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results. Even if and as the spread of the COVID-19 virus itself is substantially contained, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

The ongoing COVID-19 crisis and any other public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences, including the potential for defaults by borrowers under debt instruments held by the Funds. With respect to any revolving or delayed draw loans made by a Fund to a portfolio company, a portfolio company may be incentivized for liquidity or other reasons to draw on most, if not all, of the unfunded portion of such loan and the Fund may not have the ability under the applicable credit agreement to refuse to fund such draw without the Fund being in default and suffering financial penalties. In addition, the operations of the Funds, their portfolio companies, the General Partners and the Firm may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

**United States Government Shutdown Risk.** Given certain Funds' focus on companies with government-related customer bases, a government shutdown could give rise to various risks and uncertainties that could negatively impact the performance of portfolio companies and the relevant Funds, each of which is beyond the control of the Firm.

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

**Material Non-Public Information; Other Regulatory Restrictions.** As a result of the operations of the Firm and its affiliates, the Firm frequently comes into possession of confidential or material nonpublic information. Therefore, the Firm and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Firm's internal policies and practices. Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent the Firm or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust remedies relating to one Fund's acquisition of a portfolio company may require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

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

**Cybersecurity Risks.** Cyber-attacks and other malicious internet-based activity continue to increase in frequency and magnitude. Recent events have illustrated such ongoing cybersecurity risks to which operating companies are subject. 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 (including vendors and portfolio companies), may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. As part of its business, the Firm processes, stores and transmits large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the limited partners. Similarly, service providers of each General Partner and/or the Funds, especially any administrator, may process, store and transmit such information. A Fund's and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, denial-of-service attacks, infiltration by unauthorized persons and security breaches, usage errors or malfeasance or malfeasance by their respective professionals or service providers; power, communication or other service outages; and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events.

Although each Fund's General Partner 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, a General Partner, a Fund 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. To the extent that a General Partner, a Fund or a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, it 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. In addition, in the event of a cyber-attack or other unauthorized access to information and technology systems, numerous unforeseen costs may arise including, but not limited to, litigation costs, preventative and protective costs and remediation costs.

In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Additionally, a General Partner's, the Firm's, a Fund's and/or a portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates or counterparties for incurred liabilities. Any of such circumstances could subject a portfolio company, or a Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm..

In addition, in the event that such a cyber-attack or other unauthorized access is directed at the Firm or one of its service providers holding its financial or investor data, the Firm, its affiliates and/or one or more Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under the Firm's policies and practices.

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

Although provisionally agreed, the terms of the UK’s ongoing and future relationship with the EU are still uncertain, including the extent to which UK businesses will have access to the EU single market and the extent to which EU businesses have access to the UK market. There is also risk of significant disruption to trade between the UK and the EU, particularly as new trade arrangements are intended to be ratified and implemented.

There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on a Fund and its investments, including the ability of a Fund to achieve its investment objectives.

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

**Operational Risk.** Each Fund depends on its General Partner to develop and implement appropriate systems for its activities. Certain of a Fund’s, its General Partner’s and the Firm’s activities will be dependent upon systems operated by third parties, and the General Partner and the Firms may not be in a position to verify the risks or reliability of such third-party systems. Failures in the systems employed by a General Partner, the Firm and other parties could result in mistakes made in the confirmation or settlement of transactions, or in transactions not being properly booked, evaluated or accounted for. Disruption to third-party critical service providers, such as a Fund’s auditors, external counsel and custodian, may result in other disruptions in such Fund’s operations. Disruptions in a Fund’s operations may cause such Fund to suffer, among other things, financial loss, the disruption of its businesses, liability to third parties, regulatory intervention or reputational damage. Any of the foregoing failures or disruptions could have a material adverse effect on a Fund and the investors’ investments therein.

**Impact of Government Regulation, Reimbursement and Reform.** Certain or all of the Firm’s target industries are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain or all of the Firm’s target industries may be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in portfolio companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the portfolio companies in which the Funds invest. By way of example, the healthcare industry has

been, and will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to the healthcare industry are introduced from time to time, which, if adopted, could have a significant impact on such industry in general and/or on portfolio companies in which the Funds may invest. In addition, various agencies and departments of the U.S. government regulate the defense and aerospace industries. New and existing regulations and burdens of regulatory compliance may have a material adverse effect on portfolio companies that operate in these industries. Further, the ability of a Fund to make an investment could depend on obtaining required security clearance or the consent or approval of certain regulatory authorities. The portfolio companies could be adversely affected to the extent regulations or applicable laws change or become increasingly stringent as a result of judicial or administrative interpretations with respect to such issuers. Moreover, additional regulatory approvals may become applicable in the future as a result of the foregoing or for other reasons. There can be no assurance that the issuers in which a Fund holds investments will be able to obtain all required regulatory approvals or, once obtained, to maintain such approvals in accordance with the requirements applicable thereto. Failure or delay in obtaining and maintaining any applicable regulatory approvals could adversely affect the business of a Fund.

Additionally, certain portfolio companies may have a unionized workforce or employees who are covered by a collective bargaining agreement, which could subject any such portfolio company's activities and labor relations matters to complex laws and regulations relating thereto. Moreover, a portfolio company's operations and profitability could suffer if it experiences labor relations problems. Upon the expiration of any such portfolio company's collective bargaining agreements, it may be unable to negotiate new collective bargaining agreements on terms favorable to it, and its business operations at one or more of its facilities may be interrupted as a result of labor disputes or difficulties and delays in the process of renegotiating its collective bargaining agreements. A work stoppage at one or more of any such portfolio company's facilities could have a material adverse effect on its business, results of operations and financial condition. Any such problems additionally may bring scrutiny and attention to a Fund itself, which could adversely affect such Fund's ability to implement its investment objectives.

**Investments in Less Established Companies.** In the event that a Fund invests a portion of its assets in the securities of less established companies, such investments may involve greater risks than generally are associated with investments in more established companies. To the extent there is any public market for such securities held by such Fund, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies tend to have shorter operating histories by which to judge performance and, in many cases, have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of a Fund's entire investment therein. In addition, less mature companies could be deemed to be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which a Fund invests, such Fund may suffer a partial or total loss of capital invested in that company. There can be no assurance that any such losses will be offset by gains (if any) realized on a Fund's other investments.

**Investments in Countries Outside the United States.** Subject to the restrictions set forth in the governing documents, the Funds may invest in portfolio companies that are organized,



headquartered or whose primary office is located or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in 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 non-U.S. currencies in which a Fund's non-U.S. investments are denominated, and costs associated with conversion of investment principal and income from one currency into another and capital repatriation regulations; (ii) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (iii) non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies; (iv) governmental decisions to discontinue support of economic reform programs generally and impose centrally planned economies; (v) less extensive regulation of the securities markets; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic or social instability, including the risk of sovereign defaults, and the possibility of expropriation or confiscatory taxation; (vii) the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the investors with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the investors; (viii) less developed corporate laws regarding fiduciary duties and the protection of investors; (ix) longer settlement periods for securities transactions; (x) less reliable judicial systems to enforce contracts and applicable law; (xi) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

**Currency and Foreign Exchange Risks.** The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories and possessions, and therefore, such investments, and the income received by the Funds with respect to such investments may, therefore, be denominated in various non-U.S. currencies. However, the Funds' books and records will be maintained, and capital contributions to and distributions from the Funds will generally be made, in United States dollars. Accordingly, changes in currencies may adversely affect the U.S. dollar value of investments, interest and other revenue streams received by the Funds, gains and losses realized on the disposition of investments and the amount of distributions, if any, made by the Funds. The General Partners may (but are not required to) enter into hedging transactions designed to reduce such currency risks.

**Hedging Arrangements; Related Regulations.** The General Partner is authorized (but is not obligated to) endeavor to manage the relevant Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and determined by the such General Partner to be appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential

loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (“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 portfolio company to hedge its exposures becomes limited by such requirements.

**Counterparty Risk.** Some of the markets in which a Fund may effect transactions are OTC or “interdealer” markets. The participants in such markets typically are not subject to the same credit evaluation and regulatory oversight as are members of “exchange based” markets. In addition, many of the protections afforded to participants on some organized exchanges, such as the performance guarantee of an exchange clearinghouse, might not be available in connection with such “over-the-counter” transactions. This exposes a Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing a Fund to suffer a loss. Such “counterparty risk” is accentuated for contracts with longer maturities where events may intervene to prevent settlement, or where a Fund has concentrated its transactions with a single or small group of counterparties. The relevant General Partner is not restricted from dealing with any particular counterparty or from concentrating any or all of a Fund’s transactions with one counterparty. Moreover, the relevant General Partner has no formal credit function that evaluates the creditworthiness of a Fund’s counterparties. The ability of a Fund to transact business with any one or a number of counterparties, the lack of any meaningful and independent evaluation of such counterparties’ financial capabilities and the absence of a regulated market to facilitate settlement may increase the potential for losses by a Fund.

In addition, the counterparties with which a Fund effects transactions may, from time to time, cease making markets or quoting prices in certain of the instruments. In such instances, a Fund may be unable to enter into a desired transaction, or to enter into an offsetting transaction with respect to an open position, which might adversely affect its performance. Further, in contrast to exchange-traded instruments, certain forward, spot and option contracts and swaps may not provide a trader with the right to offset its obligations through an equal and opposite transaction. For this reason, in entering into forward, spot or options contracts or swaps, a Fund may be required, and must be able, to perform its obligations under the contract.

**Use of Swaps.** The relevant General Partners have invested some of the assets of the Funds, for hedging purposes or otherwise, by entering into one or more credit default swaps or total return swaps, the returns from which are based on the performance of a single asset or a portfolio of assets selected by such General Partners (the “Reference Assets”). The Funds have invested and may seek to invest in the Reference Assets through credit default swaps or total return swaps on a leveraged basis. Returns to the Funds under a credit default swap or total return swap are related to the performance of the underlying Reference Asset(s) of such swap. The value of a credit default swap depends largely upon creditworthiness of the reference obligor(s), and the value of a total return swap depends largely upon changes in market value of the Reference Asset(s). The terms

of individual credit default swaps and total return swaps will differ by counterparty and may change from time to time. Each Fund will typically be required to post collateral in connection with entering into such swaps and to add (or receive a return of) collateral from time to time based on changes in the market value of the Reference Asset, regardless of whether such swaps are centrally cleared. In a total return swap structure, a Fund deposits cash in a bank account (the “Collateral Account”) on which the Fund receives interest income. The bank then purchases specific bank loans at the instruction of the Fund onto its balance. Each month there is a settlement of net interest proceeds and gains and losses between the bank and the Fund’s Collateral Account. In certain circumstances, including if the Fund does not have sufficient assets or is unable to provide the requisite amount of collateral, the counterparty may terminate the credit default swap or total return swap in whole or in part. In evaluating the risks and contractual obligations associated with a particular swap transaction, it is important to consider that a swap transaction may be modified or terminated only by mutual consent of the original parties and subject to agreement on individually negotiated terms. Therefore, it may not be possible for a Fund to modify, terminate or offset its obligations under a swap or its exposure to the risks associated with a swap prior to its scheduled termination date.

**Investments in Software Industries Risks.** The Funds may make investments in the software sector. 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. The portfolio companies will compete in this potentially volatile environment. In addition, certain countries in which the Funds may invest may have less-developed laws regarding the protection of intellectual property rights. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio 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, returns to limited partners may decrease.

**Competition in the Technology Sector.** Competitors of the Funds and their portfolio companies 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 the Funds and their portfolio companies participate evolve rapidly with changing and disruptive technologies, shifting user needs, and frequent introductions of new products and services.

**Governmental Export and Import Controls.** Companies may be 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. Also, various countries 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 the Firm and the Funds by impairing the abilities of portfolio companies to compete in international markets or subject them to liability for violations, including possible civil and criminal penalties and repercussions.

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

**Disruptive Technology Risk.** There are currently a number of scientific research institutions (supported by governments, universities, and major venture capital firms and corporations) seeking to develop disruptive technologies. In the event that a disruptive technology in any of the target industries is successfully developed and implemented, a Fund's investments might be adversely affected.

**General Risks of Investments in Healthcare Companies.** Investments in healthcare companies involve a high degree of business and financial risk and can result in substantial or total losses. Healthcare companies may face intense competition, including competition from companies with greater financial resources, more extensive research and development, sales and marketing, customer services and support and other capabilities and a larger number of qualified managerial and technical personnel. Companies in which a Fund invests could deteriorate for a variety of reasons, including an adverse development in their business, a change in the competitive environment, changes in the regulatory environment, or an economic downturn.

**Impact of Government Healthcare Regulation, Reimbursement and Reform.** Various segments of the healthcare industry are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Funds intend to make investments in companies that comply with applicable law and regulations, the law and regulations relating to certain industries, including the healthcare industry, are complex, may be ambiguous or may lack clear judicial or regulatory interpretative guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or the financial performance

of the companies in which the Funds invest. Recent legislative changes have had, and will likely continue to have, a significant impact on the healthcare industry. In addition, various legislative proposals related to the healthcare industry are introduced from time to time at the federal and state levels in the United States and internationally, and any such proposals, if adopted, could have a significant impact on the healthcare industry. The U.S. healthcare industry continues to undergo significant changes designed to increase access to medical care, improve safety and contain costs. Generally, Medicare and Medicaid reimbursement levels have declined and the use of managed care has increased; distributors, manufacturers, healthcare providers and pharmacy claims have consolidated and large purchasing groups are more prevalent.

**Telecommunications.** The Funds may make investments in communications companies. Communications companies are subject to changes in their businesses due to evolving levels of governmental regulation or deregulation as well as the development of communication technologies. Competitive pressures within the communications industry are intense and the securities of communications companies may be subject to significant price volatility. In addition, because the communications industry is subject to significant changes in technology, the companies that the Funds may invest in may face competition from technologies being developed or to be developed in the future by other entities, which may make such companies' products and services obsolete. Finally, while all companies may be susceptible to network security breaches, certain technology and communication companies 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 businesses.

**Energy, Energy Services and Natural Resources Industries Risks.** Investments in the energy and energy services sectors by the Funds may be subject to a variety of risks including, but not limited to: (i) the risk that the technology employed in an energy project will not be effective or efficient; (ii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iii) environmental liability and catastrophic environmental disaster risks related to energy properties and projects; (iv) risks of equipment failures, industrial accidents, fuel interruptions, loss of sale and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage (if any), inability to obtain desirable amounts of insurance at economic rates and acts of God or other catastrophes; (v) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels; (vi) risks related to border disputes; (vii) risks related to the inability to obtain key inputs, (viii) risks related to changes in demand for crude oil and natural gas, (ix) risks related to unavailable or inadequate essential infrastructure and transportation; (x) risks related to the inability to obtain, or maintain, necessary approvals, permits and licenses and risks related to undeveloped acreage and construction. Corruption and security may raise additional significant risks with respect to oil and gas deposits located in emerging market countries, in addition to the other risks of investing in emerging markets. In addition, investments in the energy and energy services sectors are subject to force majeure and other catastrophic events, such as fires, earthquakes, adverse weather and climate conditions, changes in law, eminent domain, war, riots, terrorist attacks, labor strikes and similar risks. These events could result in the partial or total loss of an investment or significant down time resulting in lost revenues, among other potentially detrimental effects.

**Legal and Regulatory Matters related to Energy Investments.** Energy investments generally, as well as other related industries are extensively regulated in most countries; legislative and regulatory requirements may include those related to energy, mining, zoning, environmental, safety and labor. Failure to obtain, or a delay in the receipt of relevant governmental permits or approvals, including regulatory approvals, could hinder operation of an investment and result in fines or additional costs.

Moreover, the adoption of new laws or regulations (e.g., regulations related to the emission of greenhouse gases or hydraulic fracturing), or changes in the interpretation of existing laws or regulations or changes in the persons charged with political oversight of such laws or regulations, could have a material adverse effect upon a portfolio company and could necessitate the creation of new business models and the restructuring of investments in order to meet regulatory requirements, which may be costly and/or time-consuming.

**Placement Agents.** The Firm reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties to act as placement agents (each a “Placement Agent” and together, the “Placement Agents”) for referrals that result in a potential investor becoming a limited partner in a Fund. It is expected that the Firm will pay, or cause a Fund to pay, each Placement Agent a placement fee that is based upon the amount of Fund interests committed to by investors, subject to certain exclusions. At various times, the Placement Agents will act as placement agents for other fund sponsors and funds, including unaffiliated fund sponsors and funds, which offer interests that are similar to the interests offered by the Funds. Those unaffiliated sponsors may pay placement fees on terms different from the fees that the Placement Agents will receive from the Firm in connection with the offerings of the Funds, and this difference in fees may influence the Placement Agents to introduce or not introduce potential investors to the Firm. Furthermore, certain Placement Agents may seek to do business with and earn fees or commissions from other Firm-advised funds, their portfolio companies and/or affiliates of the Firm. Examples of such business may include, without limitation, provision of financing or other investment banking services; lending or arranging credit; and provision of prime brokerage.

*In the ordinary course of the Firm conducting its activities, the interests of a Fund have the potential to conflict with the interests of the Firm, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed below and in Items 6, 11 and 17 of this Brochure. For the avoidance of doubt, this section describes only those certain conflicts applicable to the private equity funds managed by the Firm.*

**Conflicts of Interest Generally.** The Firm seeks to devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner and in accordance with their respective limited partnership agreements, although the Funds and their respective investments place varying levels of demand on these over time. In the ordinary course of the Firm conducting its activities, the interest of a Fund likely will conflict with the interest of the Firm, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. As a general matter, the Firm determines all matters relating to structuring the Funds’ transactions and operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject to the limited partnership agreements of the relevant Fund(s), and in certain cases, to approval by the advisory committee of each relevant Fund. From

time to time, the Firm will be presented with investment opportunities that would be suitable not only for one Fund, but also for other Funds or other investment vehicles operated by the Firm or its advisory affiliates. In determining which investment vehicles should participate in such investment opportunities, the Firm and its affiliates are subject to conflicts of interest among the investors in such investment vehicles.

**Other Activities.** The Firm and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of the Funds, and providing transaction-related, investment advisory, legal, management and other services to the Funds and their portfolio companies. To the extent not prohibited by the governing documents of the applicable Funds, the Firm's personnel who work on behalf of a Fund may also work on behalf of one or more other Funds, and conflicts of interest may arise in allocating management time, services or functions among such entities. It is possible that a Fund will invest in a portfolio company that is or becomes a competitor of a portfolio company of another Fund. Such investment could create a conflict between such Funds. In providing advice and recommendations to, or with respect to, such investments and in dealing with such investments on behalf of other Funds, to the extent not prohibited by law, the Firm will not take into consideration the interests of all Funds and their portfolio companies. Accordingly, such advice, recommendations and dealings may result in adverse consequences to the Funds or the portfolio companies.

During the investment period of a Fund, the Firm generally pursues all appropriate investment opportunities exclusively through such Fund, subject to certain limited exceptions set out in such Fund's limited partnership agreement. Following the investment period of a Fund, the Firm's principals likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments. The Firm's personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. The Firm's principals and the Firm's investment staff will continue to manage and monitor such investments until their realization.

The Firm believes that the significant investment of the General Partners and their affiliates in the Funds, as well as each General Partner's Carried Interest, operate to align, to some extent, the interests of each General Partner with the interests of its Fund and the limited partners of such Fund, although a General Partner and its affiliated persons generally have economic interests in other Funds as well and receive Management Fees and Carried Interest relating to other Funds. The other Funds and investments that the Firm and/or its affiliated persons expect from time to time to control or manage generally have the potential to compete with a Fund or portfolio companies acquired by a Fund. Following the investment period of a Fund, the Firm's principals and personnel reserve their right to, and likely will, focus their investment activities on other opportunities and areas that may or may not be related to such Fund's investments. Unless restricted by the governing documents, the Firm's personnel are permitted to serve on boards or act in other roles unaffiliated with the Firm, 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.

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

**Allocation of Investment and Co-Investment Opportunities.** The Firm generally assesses whether an investment opportunity is appropriate for a particular Fund based on such Fund's limited partnership agreement and the Firm's allocation policy, as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant Fund's limited partnership agreement, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life-cycle and structure. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund generally reserves the right to invest together with other Funds in the manner set forth in the relevant Funds' limited partnership agreements. The Firm will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable, consistent with the Firm's obligations, and reserves the right to take into consideration factors such as those set forth above. Generally, investment opportunities that are equity (excluding non-control preferred equity) and debt control positions will be allocated to the Equity Funds, and investment opportunities in non-control debt and non-control preferred equity positions will be allocated to the Credit Funds, subject in each case, to certain limited exceptions set forth in the relevant Funds' governing documents and the Firm's allocation policy. The Firm will, over time, develop additional policies, procedures and methodologies that govern the allocation of investment opportunities, which, among other things, are expected to set forth more detailed priorities and presumptions regarding allocations between the Funds.

Following such determination of allocation among Funds, the Firm will determine whether the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and the Firm reserves the right to offer any such excess to one or more potential co-investors, including limited partners of the Funds and/or third parties, as determined in accordance with such Fund's governing documents, any relevant side letters and the Firm's procedures regarding investment allocation. The Firm intends to first offer co-investment opportunities to investors whose participation reasonably can be expected to provide the relevant Fund or portfolio investment with a strategic advantage. An investor will be considered strategic as a result of, among other considerations, ability to provide strategic benefits in connection with sourcing or consummating the investment opportunity or following consummation of the investment, such as, among other things, operational or similar strategic benefits, committed financing or lending support, certainty or expediency of closing, support in diligence or industry expertise, provision of directors, benefits to the investment in terms of regulatory or tax profile, or otherwise.

Absent such overriding strategic considerations, the Firm has the discretion to offer, in its sole discretion, co-investment opportunities to one or more of the relevant Fund's limited



partners or other third parties including on terms that differ from the terms of the relevant Fund's limited partnership agreement. The Firm's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: the size of an investor's interest in a Fund, expressed interest in co-investment opportunities; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations; the Firm's perception of the ability of the co-investors to continue to support the investment in the event of subsequent financings; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; existence of a formal or informal strategic relationship with the prospective co-investor; and other factors that the Firm considers important in connection with the specific transaction or investment. Moreover, the General Partners have entered into, and reserve the right in the future to enter into, side letters with certain limited partners of the Funds (including but not limited to limited partners whose capital commitments meet minimum thresholds established by the relevant General Partner) (such limited partners, "Major Investors") with respect to co-investment opportunities, and the Firm is consequently obligated, in certain circumstances, to allocate pro rata co-investment opportunities to such Major Investors based on size-based criteria, *i.e.*, the size of such Major Investor's capital commitment to a Fund, pursuant to their side letter agreements. Any cutbacks or reductions of the co-investment amounts of Major Investors and other limited partners shall generally be made on a pro rata basis, calculated based on their respective allocations to the applicable co-investment opportunity; provided that, the General Partner may determine, in good faith, to re-allocate such initial allocations for strategic or contractual reasons. Notwithstanding the foregoing, depending on the circumstances of the underlying portfolio investment transaction, the relevant General Partner shall have discretion to agree with certain co-investors and Major Investors that have elected to co-invest that their co-investment amount shall not be cutback or reduced below a certain amount. Although the Firm reserves the right to consider a prospective co-investor's willingness to invest in future Funds, such willingness will not be the sole determining factor considered by the Firm in identifying co-investors.

Furthermore, the Firm or related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities typically will be offered to some and not to other Fund limited partners, subject to the co-investment rights granted to certain limited partners in side letters, as described above, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. When and to the extent that employees and related persons of the Firm and its affiliates make capital investments in or alongside a Fund, the Firm and its affiliates are subject to conflicting interests in connection with these investments.

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

Potential conflicts are expected to arise when and to the extent a Fund makes an investment in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a portfolio company in which another Fund has already made an investment. In addition, under certain circumstances (generally when such Fund has invested the maximum amount permitted under its governing documents with respect to such portfolio company), the Firm and/or its related persons generally are permitted to invest in a Fund's portfolio company on the same terms and conditions as such Fund. Such Fund will likely not, for example, invest through the same investment vehicles or have the same tax structuring needs, have the same investment horizon, have the same access to available capital commitments or credit or employ the same hedging or investment strategies as the Firm and/or its related persons. This will likely result in differences in price, terms, leverage and associated costs between the Fund and the Firm and/or its related persons. 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. Depending on the circumstances and subject to the governing documents, (i) Equity Funds are permitted to acquire an interest in a portfolio company at the same or substantially the same time as the Credit Funds acquire securities of a different class in such portfolio company (and following such initial investment, there may be times when one, but not both, entities makes follow-on investments); (ii) Equity Funds are permitted to acquire an interest in a portfolio company in which the Credit Funds have previously invested or provided credit to, has agreed to invest or has considered investing; or (iii) the Credit Fund invest in, or provide credit to, a portfolio company in which an Equity Fund has previously invested, has agreed to invest or has considered investing. There can be no assurance that a Fund and any other Fund with which it co-invests will, in fact, be able to exit such investment at the same time or on the same terms. There can be no assurance that a Fund's return on a portfolio investment will be the same as the returns obtained by any other Fund participating in a given transaction. The Firm and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to all Funds.

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 in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring can raise potential conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by its General Partner in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Firm expects to face 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). 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, the Firm expects to be subject to potential conflicts of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. In certain circumstances Funds may be prohibited from exercising (or the Firm may deem it appropriate to refrain from exercising) voting or other rights in order to mitigate the relevant potential conflicts, notwithstanding the fact that the investment(s) of one Fund or the other are expected to be subject to creditor claims regarding subordination of interests. The Firm 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.

Each Credit Fund will have the ability, but not the obligation, to invest (whether as an initial portfolio investment or a follow-on investment) in the securities of certain of the portfolio companies of Equity Funds, and to hold an interest or to contemporaneously invest in, an investment in such portfolio companies (a “Captive Investment”). In such circumstances, subject to the relevant governing documents, the Credit Funds will be caused to take certain actions that, in the absence of such conflict, it would not take, that are intended to ameliorate and/or manage such conflicts of interest to the extent possible. In addition and as set forth in the relevant governing documents, the Credit Funds will generally be limited to making investments in Captive Investments on substantially the same terms as have been accepted by investors holding, in the aggregate, a majority-in-interest of the issuance of the class of debt securities that are not affiliates of the Credit Funds’ General Partner. Accordingly, it should not be expected that when resolving issues relating to the holding of such debt, that the Firm will or will be able to influence the decision making of the debtholders to benefit the the Credit Funds, and in any event it would face conflicts in doing so. Furthermore, the limited partnership agreement of the Credit Funds provides that, in each instance where the Credit Funds are permitted to vote, provide consent or take a similar action as an investor in a Captive Investment, the Credit Funds’ General Partner, on behalf of the Credit Funds, will take such action that is consistent with that of unaffiliated investors holding, in the aggregate, a majority-in-interest of the class of debt securities in which the Credit Funds hold.

Conflicts will arise subsequently between the Credit Funds and an Equity Fund in negotiating matters related to the relevant investment, including negotiations with unaffiliated, third-party investors acquiring at substantially the same time, in the aggregate, a majority-in-interest of the issuance of the class of debt securities in which such Credit Fund is acquiring, as to the price of the debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, commitment fees, the nature of the covenants running in favor of lenders, and the other terms and conditions of investment or in addressing subsequent amendments or waivers. The General Partner of an Equity Fund will likely have an incentive to favor potential investments in issuers that offer terms preferable to the Equity Funds. Conflicts will arise to the extent that an Equity Fund desires optimal flexibility to grow the portfolio company, while the unaffiliated, third-party investors holding interests in the class of debt securities in which the Credit Funds hold will likely want to place tighter restrictions on the type and the amounts of permitted investments and acquisitions. In any such situation, an Equity Fund will not exert influence for the benefit of such Credit Fund. Further, because of the different legal

rights associated with debt and equity investments of the same portfolio company, the Firm will likely face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, each Credit Fund versus an Equity Fund. Questions will likely arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt investments should be refinanced or restructured. If additional financing is necessary as a result of financial or other difficulties, it is possible that it will not be in the best interests of the Credit Funds to provide such additional financing. If an Equity Fund had the potential to incur a loss on its investment as a result of such difficulties, the Firm's ability to recommend actions in the best interests of the Credit Funds might be impaired.

Furthermore, if each Credit Fund and an Equity Fund invest in a Captive Investment, such Credit Fund's ability to influence such commonly held portfolio company will likely be restricted by the involvement of the Firm's personnel at both the equity and debt levels, including because strategic information exchanges between the Firm and fellow investors in such portfolio company could be inhibited. Additionally, in certain circumstances, the Credit Funds and/or the Equity Funds may be limited in their ability to exercise their respective rights in respect of a Captive Investment due to their affiliation, conflicts provisions or other agreements.

From time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases 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 investor capital contributions and/or use of a Fund credit facility. Where appropriate, and in the Firm's sole discretion, the Firm reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

The Firm is expected to receive various fees in connection with investments in debt securities (e.g., debt origination, original issue discount, amendment, administration, agency or similar fees in connection with the Credit Funds). The Funds would not benefit or participate, through an offset or otherwise, any such fees, or benefit from an offset in respect thereof, although such fees might reduce assets available at the portfolio company.

**Positions with Portfolio Companies.** As a result of the Funds' controlling interests in portfolio companies, the Firm and/or its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members will approve compensation and/or other amounts payable to the Firm and/or its affiliates. Such amounts will be in addition to any Management Fees or Carried Interest paid by a Fund. Although the interests of each Fund and its portfolio companies typically are closely aligned, in certain limited circumstances, actions that are in the best interest of a portfolio company are not in the best interests of the relevant Fund, and vice versa. The Firm's personnel serving on the boards of portfolio companies will consider all relevant facts before coming to a decision or making a recommendation.

Additionally, a portfolio company typically will reimburse the Firm or service providers retained at the Firm's discretion for expenses (including without limitation travel expenses) incurred by the Firm or such service providers in connection with the performance of services for such portfolio company, to the extent applicable. This subjects the Firm and its affiliates to conflicts of interest because the Funds generally does not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial.

In connection with its services to the Funds and their investments, the Firm, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Firm's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Firm 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, "Firm Information"). In many cases, the Firm Information will include tools, procedures and resources developed by the Firm to organize or systematize Firm Information for ongoing or future use. Although the Firm expects its Funds and their portfolio companies generally to benefit from the Firm's possession of Firm 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 Firm Information was originally received. Firm Information will be the sole intellectual property of Firm and solely for the use of the Firm. The Firm reserves the right to use, share, license, sell or monetize Firm 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.

The Firm generally exercises its discretion to recommend to a Fund or to a portfolio company that it contract for services with certain service providers, and from time to time, such service providers are expected to include: (i) the Firm or a related person of the Firm (which may include a portfolio company or another Fund), (ii) an entity with which the Firm or its affiliates or current or former members of their personnel have a relationship, including relationships with joint venturers or co-venturers, family relationships between the Firm's personnel and personnel of the entity, or relationships where the Firm's personnel are seconded, or from which the Firm receives secondees; (iii) an entity from which the Firm or its affiliates or their personnel derive financial or other benefits, including entities in which the Firm or its Employees have equity interests; or (iv) certain Fund limited partners or their respective affiliates. For example, the Firm expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners of one or more Funds or their respective affiliates that are engaged in lending or related business. This discretion subjects the Firm to conflicts of interest because although the Firm 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, the Firm has a potential incentive to recommend the related or other person (including a Fund limited partner) because of its financial or other business interest. There is a possibility that the Firm, 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 Fund or the Firm), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Although the Firm generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other other factors in retaining or recommending service providers. In certain circumstances where the Firm commits or has committed to seek “market” or “arms-length” rates or terms, the Firm will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Consequently, the Firm 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, the Firm 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 the Firm has a relationship with 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.

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

Although the Firm generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Fund entities, in which case a single Fund being solely liable for other Funds’ share of the relevant obligations and/or joint and several liability among Funds. In such case, the

Firm intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

The Firm and/or its affiliates reserves the right to employ personnel with pre-existing ownership interests in portfolio companies currently or previously invested in by the Funds and/or other Funds or other investment vehicles advised by the Firm; conversely, current or former personnel or executives of the Firm and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by the Firm. Similarly, the Firm, its affiliates and/or its personnel maintain relationships with (and are permitted to invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contact of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Funds and/or the Firm and/or its affiliates. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through the Firm's entities) to the Firm's personnel and their estate planning vehicles. The Firm 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 owned by such Fund 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 the Firm information about markets and industries in which the Firm operates (or is contemplating operations) or will provide other services that are beneficial to the Firm or one or more of other Funds. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. The Firm expects to be subject to a potential conflict of interest in making such recommendations, in that the Firm has an incentive to maintain goodwill between itself and the existing and potential portfolio companies of the Funds, while the products or services recommended will not necessarily always be the best available to a particular portfolio company or Fund.

**Certain Consultants.** As described above, from time to time, Operating Partners will be retained and engaged to provide services to, or in connection with, a Fund in relation to its activities or to one or more of the relevant Fund's portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such portfolio companies ("Services").

Fees and expenses associated with the Services (collectively "Consulting Fees and Expenses") will be paid and/or reimbursed by applicable portfolio companies and/or the relevant Fund, and Consulting Fees and Expenses do not offset the Management Fee, as set forth in the relevant governing documents of the relevant Fund. Consulting Fees and Expenses are expected to be structured in various forms, including cash payments, retainers, discretionary bonuses (whether or not based on pre-determined milestones), profits, guaranteed minimums, stock awards, participation or equity interest and/or other incentive-based interests in a portfolio company or

holding company, which are determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the a portfolio company's value, the invested capital exposed to such portfolio company, amounts charged believed to be charged by other providers for comparable services and/or a percentage of cash flows from such portfolio company. Additionally, Fund portfolio companies from time to time provide opportunities for Operating Partners to invest in such portfolio company (on a preferred, no fee or other basis) and reimburse costs and expenses incurred by Operating Partners. 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 Operating Partner compensation as well as fees, costs and expenses of structuring Operating Partner arrangements. Operating Partners also from time to time receive remuneration from the general partner of the relevant Fund and/or the Fund or its affiliates. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset or reduce the Management Fee of the relevant Fund. Where the General Partner intends to retain only such Operating Partners, which it believes provide a level of service at a value generally consistent with other relevant market alternatives, 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.

**Conflicting Investor Interests.** The limited partners in the Funds will be a diverse group that have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests of individual limited partners relate to or arise from, among other things, the nature of investments made by the Funds, the structuring or the acquisition of investments and the timing of disposition of investments. As a consequence, conflicts of interest will arise in connection with the decisions made by the General Partners, 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, its General Partner will consider the investment and tax objectives of the Fund and its limited partners as a whole, not the investment, tax or other objectives of any limited partner individually.

**Carried Interest and Management Fees.** As described in Item 5 of this Brochure, the existence of Carried Interest arrangements could create conflicts of interest between a Fund and its General Partner. Also, because there generally is a fixed investment period after which capital from the limited partners of a Fund is only permitted be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, the Management Fee structure creates an incentive to deploy capital when such Fund's General Partner might not otherwise have done so.

**Other Fees.** In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, the Firm reserves the right to accrue, defer or forego payments of Other Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the governing documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.



**Transfers of Fund Interests.** In certain cases, the Firm will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Fund's limited partnership agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Firm will not receive compensation for identifying such transferees and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the relevant limited partnership agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

**Side Letters.** The Firm reserves the right to enter into side letters agreements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different (i) more favorable fee and other economic arrangements; (ii) excuse, exclusion or withdrawal rights applicable to particular investments or limited partners (which would increase the percentage interest of other limited partners in, and contribution obligations of other limited partners with respect to, certain investments); (iii) reporting obligations of the relevant General Partner; (iv) waiver of certain confidentiality obligations; (v) consent of the relevant General Partner to certain transfers by such limited partner; or (vi) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such limited partner. Certain side letters 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 from an investment, or as a result of 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.

**Group Discount Programs.** The Firm expects that it may in the future institute a program under which portfolio companies owned by the Funds would be given the option to participate in purchasing, vendor or similar arrangements with the Firm, its affiliates and/or other portfolio companies. Program participants would expect to receive discounts negotiated with various vendors and service providers on a groupwide basis. 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. The Firm would allocate any fees and/or third-party administration costs for such program among the relevant Funds and/or portfolio companies. The Firm and its affiliates also might participate in the program in exchange for an allocable portion of any such fees and/or costs, and receive similar benefits and discounts as the portfolio companies participating therein. No such amounts would result in additional offsets or reductions to the Management Fee. The Firm believes the potential for conflicts relating to such arrangements would be mitigated by the anticipated cost savings to portfolio companies (which would be expected to be to the benefit of the applicable Fund(s)) that would result if the rates for goods and services were discounted due to scale or relative to those widely available in the market.

**Principal Transactions.** Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the Firm must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Firm’s management of the Funds, the Firm and its affiliates from time to time engage in principal transactions. The Firm has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund regarding any proposed principal transactions and that any required prior consent to the transaction be received.

**Valuation.** The Funds generally make investments that do not have readily available market quotes. In such instances, the Firm generally values such investments in good faith based on various factors, including, without limitation, external pricing sources (if any), recent trading activity (if any) or other information including, among other factors in the Firm’s sole discretion, current market conditions, trends and prices and its knowledge and beliefs regarding the company and its historical and expected performance. In addition, in the event that a Fund makes any distribution in kind to its limited partners, the fair market value of such distribution will be determined by its General Partner. Such valuations may vary from similar valuations performed by independent third parties for similar types of investments. If the valuations made by the General Partner are incorrect, the Carried Interest received by the General Partner, or the timing of receipt of Carried Interest, could also be incorrect. An independent appraisal will not be required and in most cases will not be obtained. There can be no assurance that the valuation decision of the General Partner with respect to an investment will represent the value realized by the Fund on realization of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by the General Partner could cause it to ineffectively manage the Fund’s investment portfolio and risks, and to also affect the composition and management of the portfolio investments. Additionally, the General Partner has a conflict of interest with respect to such valuations because the compensation paid or allocated by the Fund to the General Partner and its affiliates, and the timing of the General Partner’s receipt of Carried Interest, will be based on or depend in part on the value of the investments.

**“Soft Dollar” Payments.** In selecting brokers, banks and dealers to effect portfolio transactions, the Firm considers such factors as price, the ability of the brokers, banks and dealers to effect transactions, their facilities, reliability and financial responsibility, as well as any products or services provided, or expenses paid, by such brokers, banks and dealers. Products and services typically include research items used by the Firm in making investment decisions. Such “soft dollar” benefits motivate the Firm to execute a transaction with a specific broker, bank or dealer even though it does not offer the lowest transaction fees.

## **ITEM 9 DISCIPLINARY INFORMATION**

There are no legal or disciplinary events that are material to a client's or a current or prospective investor's evaluation of the Firm's advisory business or the integrity of the Firm's management.

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

Neither the Firm nor any of its management persons is registered, or has an application pending to register with the SEC as a broker-dealer or a registered representative of a broker-dealer. Neither the Firm nor any of its management persons is registered, or has an application pending to register, as a futures commission merchant, a commodity pool operator, a commodity trading advisor, or an associated person thereof. The Firm does not recommend or select other investment advisers for the Funds.

As described above, the Firm provides investment advisory services to the Funds. Each of the General Partners serves as general partner to its respective Fund.

When the Firm, through a General Partner, deems it appropriate and consistent with the best interests of a Fund, such General Partner offers limited partners co-investment opportunities. The Firm's policy with respect to co-investment opportunities is guided by what it believes is in each Fund's best interest. The General Partner of a Fund gives priority co-investment rights to limited partners whose capital commitments meet minimum thresholds established by such General Partner. A General Partner or one of its affiliates is permitted to co-invest in a portfolio investment with a Fund in limited circumstances as permitted under the governing documents of such Fund. The Firm's co-investment allocation procedures are described in detail in Item 6 of this Brochure.

A minority interest in the Firm is owned by investment funds managed by a strategic investor. The strategic investor does not have authority over the day-to-day operations of investment decisions of the Firm as they relate to the Funds, although it has negotiated certain minority protection and consent rights in connection with its investment in the Firm. Although it intends to maintain operations, strategy and investment decisions separate from the strategic investor, the Firm generally will have incentives to conduct operations in a manner that benefits the strategic investor.

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

The Firm strives to adhere to the highest industry standards of conduct based on principles of professionalism, integrity, honesty and trust. In seeking to meet these standards, the Firm has adopted a Code of Ethics (the "Code"). The Code incorporates the following general principles that all employees are obligated to uphold:

- employees must at all times place the interests of the Firm's clients first;

- all personal securities transactions must be conducted in a manner consistent with the Code and any actual or potential conflicts of interest or any abuse of an employee's position of trust and responsibility must be avoided;
- employees must not take any inappropriate advantage of their positions;
- information concerning the identity of investments and financial circumstances of the Funds, including the identity of each Fund's investors, must be kept confidential; and
- independence in the investment decision-making process must be maintained at all times.

The Firm has adopted formal policies and procedures relating to insider trading, privacy, "pay to play," anti-money laundering and OFAC regulations, identity theft, and environmental, social and governance matters. Further, the Firm has established policies and procedures to monitor and resolve conflicts with respect to investment opportunities in a manner it deems fair and equitable, including the restrictions placed on personal trading in the Code, as described above. Clients and current and prospective investors are permitted to request a copy of the Code by contacting the Firm at the address or telephone number listed on the first page of this document.

The Firm, its affiliates and its employees expect from time to time to give advice or take action for their own accounts that differs from, conflicts with or is adverse to advice given or action taken for clients. Further, instances could arise where the interests of the Firm or one of its affiliates conflicts with the interests of a Fund and its limited partners. The Firm and its affiliates will endeavor to ensure that these conflicts do not work to the detriment of the Funds. If a conflict of interest arises, the related transaction will be presented to the applicable committee of limited partners of the applicable Fund authorized to approve such conflict of interest transaction. Such conflicts include, among others, purchases and sales of portfolio investments between Funds and related persons, persons affiliated with the Firm and the General Partners and co-investments by such affiliated persons with the Funds.

## **ITEM 12 BROKERAGE PRACTICES**

Although the Funds generally purchase securities in privately negotiated transactions, the Firm from time to time recommends that a Fund purchase publicly traded securities or hold publicly traded securities and use specific brokers and dealers to execute, settle and clear such securities transactions. In the limited circumstances where a Fund purchases or holds publicly traded securities, the Firm seeks to obtain best execution in selecting brokers (including prime brokers) to execute any transaction relating to such public securities.

In selecting brokers (including a prime broker) and negotiating commission rates, the Firm considers, among other things, the ability of the brokers and dealers to effect the transaction, the brokers' or dealers' facilities, reliability and financial responsibility, as well as the provision by the brokers of other services, such as: fund raising, consulting and access to deal flow.

Accordingly, the commission rates (or dealer markups and markdowns) charged to a Fund by a broker or dealer in the foregoing circumstances could be higher than those charged by other brokers or dealers who do not offer such services.

#### **Research and Other Soft Dollar Benefits.**

The Firm does not receive research or other products or services, other than, in rare cases, execution from a broker-dealer or a third party in connection with a portfolio investment of a Fund involving publicly traded securities.

#### **Brokerage for Client Referrals.**

In selecting or recommending broker-dealers, the Firm and its related persons do not receive referrals from any broker-dealer or other third party.

#### **Directed Brokerage.**

The Firm, through the General Partners of the Funds, directs the Funds to select broker-dealers, if used.

#### **Order Aggregation.**

There are no purchase or sales orders of securities that are aggregated for various client accounts.

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

As discussed above, the Firm provides investment advisory services to Funds primarily with respect to private equity investments. All investments of a Fund are carefully reviewed by the Firm's investment professionals before they are made. All portfolio investments of a Fund are monitored on a regular basis by the Firm's investment professionals.

The Firm generally provides annual audited financial statements to its clients within 120 days of the applicable client's fiscal year end.

The Firm prepares quarterly and annual written reports for investors regarding each Fund's activities and performance, which include quarterly and annual financial statements. All information is made available to Fund investors through the Firm's password-protected website. In addition, the Firm issues to Fund investors tax reports and audited financial statements concerning their applicable Funds within 90 days of the end of a Fund's fiscal year. Upon request by a Fund investor, the Firm provides such investor with additional information that other investors have not received.

## **ITEM 14**

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

The Firm does not receive economic benefits from non-clients for providing investment advice and other advisory services. Neither the Firm nor any related person, directly or indirectly, compensates any person who is not a supervised person, including placement agents, for client referrals.

However, the Firm enters into placement agreements with placement agents (each, a “Placement Agent” and each such agreement, a “Placement Agreement”), pursuant to which a Placement Agent agrees to introduce potential investors to a Fund (other than a Fund that is closed to new capital commitments, such as Veritas Fund III, Veritas Fund IV, Veritas Fund V and Veritas Fund VI). Pursuant to the terms of any such Placement Agreement, each Fund would pay the Placement Agent a placement fee equal to a percentage of the aggregate capital commitments made by each investor introduced to such Fund by the Placement Agent.

## **ITEM 15**

### **CUSTODY**

The Firm is deemed to have custody of client funds and securities because it has the authority to obtain client funds or securities, for example, by deducting Management Fees from a Fund’s account or otherwise withdrawing funds from such account. Account statements related to the clients are sent by qualified custodians to the Firm.

The Firm is subject to Rule 206(4)-2 (the “Custody Rule”) under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). However, the Firm is not required to comply (or is deemed to have complied) with certain requirements of the Custody Rule with respect to each Fund because it complies with the provisions of the so-called “Pooled Vehicle Annual Audit Exception”, which, among other things, requires that each Fund be subject to audit at least annually by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and requires that each Fund distribute its audited financial statements to all of its investors within 120 days of the end of its fiscal year.

## **ITEM 16**

### **INVESTMENT DISCRETION**

The Firm serves as the management company and provides investment advisory services to each Fund, while the General Partners have authority to implement investment decisions for their respective Fund. The Firm is deemed to have discretionary investment authority with respect to the Funds based on its affiliation with the General Partners. As a general policy, the Firm does not allow clients to place limitations on this authority. Pursuant to the terms of the relevant Fund’s limited partnership agreement, however, the Firm and/or its affiliates have entered, and expect to enter, into side letters with certain limited partners whereby the terms applicable to a limited partner’s investment in a Fund are to be altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other similar reasons. The Firm’s

investment decisions and advice with respect to each Fund are subject to each Fund's investment objectives and guidelines, as set forth in each Fund's governing documents.

## **ITEM 17 VOTING CLIENT SECURITIES**

The Funds are primarily invested in private companies which do not issue proxies. If a Fund holds publicly traded securities, the public company will issue proxies. The Firm, through the applicable General Partner, exercises the voting decisions with respect to the publicly traded securities held by a Fund. The Firm exercises such decisions in a manner which it believes is in the best interest of the Fund. In compliance with Rule 206(4)-6 under the Advisers Act, the Firm has adopted proxy voting policies and procedures. The general policy is to vote proxy proposals, amendments, consents or resolutions (collectively, "Proxies") in a prudent and diligent manner that will serve the applicable client's best interests and is in line with each client's investment objectives.

The Firm takes into account all relevant factors, as determined by the Firm in its discretion, including, without limitation:

- the impact on the value of the securities;
- the anticipated costs and benefits associated with the proposal;
- the effect on liquidity; and
- customary industry and business practices.

Generally, clients are not permitted to direct the Firm's vote in a particular Proxy solicitation.

Conflicts of interest are expected to arise between the interests of a client, on the one hand, and the Firm or its affiliates, on the other hand. If the Firm determines that it has, or is perceived to have, a conflict of interest when voting Proxies, the Firm will address matters involving such conflicts of interest in accordance with its Proxy voting policies and procedures. Clients or investors are permitted to obtain a copy of the Firm's Proxy voting policies and procedures and its Proxy voting record upon request.

## **ITEM 18 FINANCIAL INFORMATION**

The Firm is not required to provide a balance sheet for its most recent fiscal year, is not aware of any financial condition likely to impair its ability to meet contractual commitments to clients, and has not been the subject of a bankruptcy petition at any time during the past ten years.

**ITEM 19**  
**REQUIREMENTS FOR STATE-REGISTERED ADVISERS**

Not applicable.