

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**EDGEWATER SERVICES, LLC**

**Edgewater Services, LLC  
900 N. Michigan Ave, Suite 1800  
Chicago, IL 60611-6532  
(312) 649-5666**

**<http://www.edgewaterfunds.com>**

**March 31, 2021**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Edgewater Services, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (312) 649-5666. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

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

## **MATERIAL CHANGES**

The Management Company filed its most recent update to Form ADV Part 2A on March 30, 2020. This annual amendment updates the description of certain business practices of the Management Company and its affiliates and Edgewater's (as defined below) assets under management as of December 31, 2020.

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## ADVISORY BUSINESS

The Management Company, a Delaware limited liability company and a registered investment adviser, provides investment advisory services through its affiliated General Partners (as defined below) to private equity funds, co-investment vehicles and certain other investment vehicles established for separately managed account arrangements<sup>1</sup> (collectively referred to throughout this Brochure as the “**Partnerships**” or the “**Funds**”), focusing on equity and buyout investments in high-quality, lower middle market companies. The Management Company and the General Partners are part of a group of affiliated entities collectively referred to herein as “**Edgewater.**”

Edgewater is a private equity firm based in Chicago, Illinois founded by James A. Gordon. In addition to Mr. Gordon, the other principals of Edgewater include: Gregory Jones, Partner; David Tolmie, Partner; Brian Peiser, Partner; Gerald Saltarelli, Partner; Stephen Natali, Partner; Scott Brown, Partner; and Scott Meadow, Associate Partner (collectively, the “**Principals**”). A majority of the Principals have been part of Edgewater since 2001. In their roles at Edgewater, the Principals are responsible for the sourcing and selection of investment opportunities for Edgewater’s private equity funds.

The following general partner entities are affiliated with the Management Company (collectively with the Management Company, the “**Advisers**”):

- Edgewater Growth Capital Management, LLC (“**GP I**”)
- Edgewater Growth Capital Management II, L.P. (“**GP II**”)
- Edgewater Growth Capital Management III, L.P. (“**GP III**”)
- Edgewater Growth Capital Management IV, L.P. (“**GP IV**”)
- EGCM SMA, L.P. (“**SMA GP**” and, collectively with GP I, GP II, GP III and GP IV, the “**General Partners**”).

Each General Partner is subject to the Advisers Act pursuant to the Management Company’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Management Company.

The Advisers’ clients include the following (together with any future private investment vehicle(s) to which Edgewater or its affiliates provide investment advisory services, “**Private Investment Funds**”):

- Edgewater Growth Capital Partners, L.P.

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<sup>1</sup> Although industry conventions refer to such arrangements as “separately managed accounts,” the investment vehicles established by the Management Company for separately managed account arrangements on behalf of certain investors generally are unlike the single-investor managed accounts requested to be disclosed in Form ADV Part 1.

- Edgewater Growth Capital Partners II, L.P.
- Edgewater Growth Capital Partners III, L.P.
- Edgewater Growth Capital Partners III Co-Invest Fund, L.P.
- Edgewater Growth Capital Partners IV, L.P.
- Edgewater Growth Capital Partners IV-A, L.P.
- EGCP Investment Partners, L.P.
- EGCP Investment Partners II, L.P.
- EGCP Investment Partners III, L.P.
- EGCP Investment Partners V, L.P.
- EGCP Investment Partners V-A, L.P.
- EGCP Investments, L.P.
- EGCP Investments-B, L.P.
- EGCP Investments-C, L.P.
- EGCP Investments I, L.P.
- EGCP IV-A, L.P.
- EGCP Investment Opportunities, L.P.

The General Partners each serve as general partner to one or more Partnerships and generally have the authority to make the investment decisions for the Partnerships to which they provide advisory services. For certain Private Investment Funds, the Advisers may negotiate the level of investment discretion with the client at the outset of the advisory relationship, which gives investors an approval right over each investment presented to it by the Advisers. The Management Company provides the day-to-day advisory services for the Partnerships.

The Partnerships and any other Private Investment Funds that a General Partner (or its affiliates) forms from time to time or that otherwise become clients of a General Partner are expected to invest through negotiated transactions in operating entities, generally referred to herein as “**portfolio companies**.” The Advisers’ investment advisory services to the Partnerships consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments.

Investments are made predominantly in non-public companies, although investments in public companies are permitted. From time to time, the Principals or other personnel of the Advisers or their affiliates generally serve on a portfolio company's board of directors or otherwise act to influence control over management of portfolio companies in which the Partnerships have invested.

The Advisers' advisory services to the Private Investment Funds are further described in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**") and limited partnership or other operating agreements of the Partnerships (each, a "**Partnership Agreement**") and, together with any relevant Memorandum, the "**Governing Documents**"), and are also generally described below under "Methods of Analysis, Investment Strategies and Risk of Loss" and "Investment Discretion." Investors in the Private Investment Funds generally participate in the overall investment program for the applicable Partnership, but in certain Funds are excused from a particular investment due to legal, regulatory or other applicable constraints or for other agreed-upon circumstances pursuant to the Governing Documents (such arrangements generally do not and will not create an adviser-client relationship between the Advisers and any investor) and certain Private Investment Fund arrangements may give investors approval rights over investments or otherwise provide restrictions on the Advisers' discretion. The Funds or the General Partners generally enter into "side letter" arrangements or other similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, from time to time and as permitted by the Governing Documents, the Advisers expect to provide (or agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, Edgewater's personnel and/or certain other persons associated with Edgewater and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, 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. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in Edgewater's sole discretion, Edgewater 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.

As of December 31, 2020, Edgewater managed \$1,841,140,569 in client assets on a discretionary basis. Each General Partner is directly or indirectly owned by Edgewater HoldCo LLC ("**Edgewater HoldCo**"), James A. Gordon and certain other Principals of Edgewater. Edgewater HoldCo is owned by Lazard Group LLC (together with its affiliates other than Edgewater, "**Lazard**"), James A. Gordon and the other Principals of Edgewater. The Management Company, which provides payment and related services, is principally owned by Lazard Group

LLC and is administered by Edgewater HoldCo and James A. Gordon. Lazard Group LLC is ultimately controlled by Lazard Ltd, a publicly traded company.

## FEES AND COMPENSATION

The following is a general description of fees, compensation and expenses of the Partnerships. Differences exist from Partnership to Partnership, and certain Partnerships may not charge certain fees, compensation or expenses that other Partnerships charge. The Governing Documents describe the applicable fees, compensation and expenses of the respective Partnerships in greater detail.

In general, each General Partner receives a Management Fee and a carried interest in connection with advisory services it provides to its clients. The General Partners or other Edgewater entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies owned by the Partnerships and a portion of such additional compensation will offset in part the management fees otherwise payable to the applicable General Partner, as described in the respective Governing Documents. Investors in the Partnerships also bear certain Partnership expenses.

### Management Fee

Generally, a Partnership, during its investment period, will pay the applicable General Partner a management fee (the “**Management Fee**”) calculated as a fixed percentage on an annual basis of aggregate Partnership investor capital commitments (“**Commitments**”) and as described in the applicable Governing Documents. Payment of the Management Fee will be made quarterly or semi-annually, typically in advance, and will be deducted from the Partnership’s assets. A portion of the Management Fee is ultimately received by the Management Company. Each Partnership typically has multiple closings in which an investor can participate. Generally, investors participating in a closing after the initial closing of a Partnership bear the Management Fee from the date of the initial closing of such Partnership. The Management Fee will be reduced upon the expiration of the investment period or at an earlier date upon the occurrence of certain other events as and to the extent described in the applicable Governing Documents. The Management Fee will be payable until all portfolio investments are distributed or until the General Partner’s relationship with the applicable Partnership is terminated for other reasons (as described in the relevant Governing Documents). Installments of the Management Fee payable for any period other than a full management fee determination period are adjusted on a *pro rata* basis according to the actual number of days in such period. 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.

The Management Fee is reduced by all or a portion of the directors’ fees, transaction fees, breakup fees and certain other fees paid by portfolio companies to a General Partner, the Management Company or certain of their affiliates (such fees, “**Supplemental Fees**”). To the extent that such an offset credit would reduce the Management Fee for a given Management Fee

determination period below zero, the credit will be carried forward for future application against payable Management Fees. To the extent any such excess remains unapplied upon dissolution of a Partnership, each partner of such Partnership will receive its share of such unapplied excess, unless such partner elects not to receive its share. To the extent that any other Private Investment Fund co-invests alongside the Partnership in any portfolio company investment, any Supplemental Fees typically will be allocated *pro rata* among the Partnership and such other Private Investment Fund in proportion to the cost of the investment in the portfolio company borne by each.

As further described below, certain third-party operating personnel (including members of the Management Company Executive Advisory Board) who provide services with respect to portfolio companies (“**Operating Advisors**”) generally receive compensation and other amounts described herein from the Partnerships and/or portfolio companies (including as directors’ fees), but no such amounts will result in additional offsets to the Management Fee. In certain cases, compensation from portfolio companies or the Partnerships will reduce the amount otherwise payable by the Management Company to the Operating Advisors.

As permitted under the Governing Documents for certain Partnerships, the respective General Partner reserves the right to waive a portion of the Management Fee in exchange for a reduction in the General Partner’s capital contribution obligation and/or a corresponding interest in Partnership profits. The limited partners of the Partnership would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver as described above. Waived Management Fees are not subject to the Management Fee offsets, and the amount of such waived Management Fees has the potential to be significant. Due to waived Management Fees by a General Partner, it is possible that Management Fee offsets will be delayed, resulting in a net additional benefit to such General Partner.

### **Carried Interest**

The General Partner of each Partnership generally will be entitled to receive a carried interest with respect to such Partnership equal to a fixed percentage of all realized profits (in certain cases subject to a specified preferred return with a related General Partner catch-up provision), as more fully described in the applicable Governing Documents. The carried interest distributed to the General Partner is generally subject to a potential giveback at the end of the life of the Partnership if the General Partner has received excess cumulative distributions, as more fully described in the applicable Governing Documents.

### **Other Information**

Each Adviser is permitted to exempt certain investors in the Partnership(s) they advise from payment of all or a portion of Management Fees and/or carried interest. An Adviser reserves the right to make any such exemption from Management Fees and/or carried interest by a direct exemption, a rebate by Edgewater and/or its affiliates or through other Partnerships which co-invest with a Partnership. For example, in instances where an Edgewater professional (or an affiliated entity thereof) invests in a Partnership, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and/or carried interest with respect to such Partnership. Additionally, to the extent permitted by the relevant Governing Documents,

certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or carried interest.

The Partnerships and other Private Investment Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Governing Documents, over the term of the applicable Partnership, and investors generally are not permitted to withdraw or redeem interests in the Partnership.

Principals or other current or former employees of Edgewater 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 General Partners or their affiliates.

In addition to the Management Fee and carried interest payable to the General Partner, each Partnership bears certain expenses. As set forth more fully in the Governing Documents, a Partnership bears all fees, costs, expenses, liabilities and obligations relating to the Partnership's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Management Fees, including, without limitation: (i) all fees, costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, holding, financing, refinancing, managing, operating, taking public or private, valuing, winding up, liquidating, dissolving and disposing of a Partnership's investments (including, without limitation, interest and fees on money borrowed by a Partnership or the Management Company, the applicable General Partner or any affiliated partner on behalf of a Partnership, registration expenses, compensation for services provided by an Operating Advisor, commitment, real estate title, survey, brokerage, finders', custodial and other fees), including, without limitation, those incurred prior to a Partnership's initial closing date or other date as set forth in the Governing Documents; (ii) legal, accounting, administration, custodian, depository, auditing, insurance (including, without limitation, directors and officers and errors and omissions liability insurance), travel (in accordance with the Management Company's policies), litigation and indemnification costs and expenses, judgments and settlements, consulting (including, without limitation, consulting and retainer fees paid to an Operating Advisor), brokerage, finders', financing, appraisal, filing, third-party valuation, printing, title, transfer, registration and other fees, costs and expenses (including, without limitation, fees, costs and expenses associated with the preparation or distribution of a Partnership's financial statements, tax returns, tax estimates and Schedules K-1 or any other administrative, regulatory or other Partnership-related reporting or filing (including Form PF and any Partnership-related filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation)); (iii) costs and expenses of an advisory board incurred in accordance with the Governing Documents; (iv) all out-of-pocket fees and costs, expenses, liabilities and obligations incurred by a Partnership, the applicable General Partner or any other Edgewater personnel relating to investment and disposition opportunities for a Partnership not consummated (including, without limitation, legal, accounting, auditing, insurance, travel (in accordance with the Management Company's policies), consulting (including consulting and retainer fees paid to an Operating Advisor), brokerage, finders', financing, appraisal, filing, printing, real estate title, survey, reverse breakup, termination and other fees, costs and expenses) (such expenses collectively hereinafter referred to as **"Broken Deal Expenses"**); (v) all out-of-pocket fees, costs and expenses incurred by a Partnership, the applicable General Partner or any other Edgewater personnel in connection with any conference or meeting

of the limited partners and any other conference or meeting with any limited partner(s); (vi) any taxes, fees and other governmental charges levied against a Partnership (except to the extent that such Partnership is reimbursed therefor by a partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Governing Documents); (vii) any private placement or finders' fees paid by a Partnership to third parties in connection with the organization and fund of a Partnership and any expenses paid to third parties in connection with the organization and funding of a Partnership; (viii) all fees, costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles; (ix) any organizational expenses; and (x) unreimbursed costs and expenses incurred in connection with any sale, assignment, transfer, pledge, encumbrance, mortgage, grant of a security interest in or any other disposition of, whether by merger, operation of law or otherwise, of any interest in a Partnership by a limited partner. As a general matter, Broken Deal Expenses are allocated among Partnership 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. Excluded from Partnership expenses are ordinary administrative and overhead expenses of the General Partners incurred in connection with managing, originating and monitoring investments, including, without limitation, employees' salaries, rent, utilities and other similar expenses specified in the Governing Documents. The Partnerships, similar to other private equity funds, likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth below in "Brokerage Practices."

In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds or co-investment vehicles (including, without limitation, legal expenses for a transaction in which all such Funds participate, Broken Deal Expenses in which certain Funds were expected to participate or other fees or expenses in connection with services the benefit of which are received by other Funds over time) or advance an initial investment amount, and be reimbursed by the other Funds by their share of such expenses or obligations, without interest. To the extent the paying Partnership makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Partnerships for use of the facility. In certain circumstances, Edgewater or an affiliate thereof is expected to advance amounts related to the foregoing and receive reimbursement from the Funds, without interest, to which such expenses relate.

In certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Partnerships, subject to Edgewater's related policies and practices and the Governing Documents and/or side letter arrangements. Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Partnerships. 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 be beneficial, in the judgement of the General Partner, ultimately is not consummated, the full amount of any Broken Deal Expenses relating to any such unconsummated transaction could be borne by the Partnership(s), and not by any prospective co-investors (including any co-invest vehicle), that were to have participated in such proposed

transaction. To the extent a Partnership makes use of a credit facility to invest in a portfolio company or pay related expenses, Edgewater expects there will be circumstances in which such Partnership is not reimbursed separately by co-investors for use of the facility.

The Advisers and/or their affiliates generally have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Partnerships, on the one hand, and the Advisers and/or their affiliates, on the other hand.

### **Operating Advisors**

Additionally, as further described herein and in the Governing Documents, it is the Management Company's practice to use or retain certain third-party Operating Advisors to provide services to (or with respect to) one or more Partnerships or certain current or prospective portfolio companies in which one or more Partnerships invest. Such Operating Advisors generally provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Operating Advisors receive compensation, including, but not limited to, cash fees, retainers, transaction fees, discretionary compensation (whether or not based on pre-determined milestones), a profits, participation or equity interest in a portfolio company or holding company, equity incentives and board fees. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on a Partnership's investment, and the relevant Partnership typically will bear the costs of all Operating Advisor compensation as well as fees, costs and expenses of structuring Operating Advisor arrangements. Operating Advisors also generally will be reimbursed for certain travel and other costs in connection with their services, and no such amounts will offset or reduce the Management Fee. The use of Operating Advisors subjects the Advisers to potential conflicts of interest, as discussed under "Methods of Analysis, Investment Strategies and Risk of Loss — Potential Conflicts of Interest Relating to the Advisers," below.

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

As described above under "Fees and Compensation," the relevant General Partner generally receives a carried interest allocation on certain realized profits in the relevant Partnership. Currently, the Advisers do not advise Private Investment Funds not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain limited partners in a Partnership, including for members of the Management Company Executive Advisory Board. Additionally, to the extent that Edgewater has Partnerships with varying carried interest terms and/or Edgewater personnel are assigned varying percentages of carried interest from the Partnerships, Edgewater 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. Edgewater seeks to address the potential for conflicts of interest in these matters with allocation policies / practices

that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Edgewater or any personnel.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Partnership than it would otherwise make in the absence of such arrangement, although the Advisers generally consider performance-based compensation to better align the General Partners' interests with those of investors in the Partnerships. See "Methods of Analysis, Investment Strategies and Risk of Loss — Potential Conflicts of Interest Relating to the Advisers," below, for further discussion.

## **TYPES OF CLIENTS**

The Advisers provide investment advice solely to its Private Investment Fund clients, and references throughout this Brochure to "clients" and to the Advisers' related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Partnerships are investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended.

The investors participating in the Partnerships generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, Principals or other employees of the Advisers and their affiliates and members of their families, Operating Advisors or certain service providers retained by the Advisers, as well as executives of portfolio companies.

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

Typically, each Partnership has a minimum investment amount of \$5 million for third-party investors and Partnership interests are offered and sold solely to investors meeting applicable qualifications. The relevant General Partner is permitted to waive such minimum investment amount.

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

### **General**

The principal investment strategy of the Advisers is to seek to achieve long-term capital appreciation for the Partnerships, primarily by acquiring equity and equity-related securities and debt in private growth-oriented companies. The Advisers generally target buyout and growth equity and equity-related investments primarily in lower middle market companies with revenues

generally ranging from \$50 to \$200 million and EBITDA generally ranging from \$10 to \$30 million. Investments are predominantly in non-public companies, although investments in public companies are permitted. *There can be no assurance that the Advisers will achieve the investment objectives of any of the Partnerships, and a loss of investment is possible.*

## **Investment and Operating Strategy**

The Advisers generally seek to provide returns to investors by (i) using research and contacts to identify investments that the Advisers believe are attractive, (ii) performing analysis and due diligence to select and structure investments and (iii) providing significant resources to portfolio companies.

*Preliminary Review.* Upon the receipt of information regarding a new investment opportunity, a deal team is formed that is typically comprised of the Advisers' investment professionals with both operating and financial experience. The deal team seeks to assess the strengths and weaknesses of the business, including its operations and company management, the current state and outlook for the industry and the particular deal dynamics. The Advisers believe that extensive and objective due diligence is a cornerstone of successful investing. Once the deal team has determined that the transaction represents an attractive opportunity for a Fund, the opportunity typically is presented to all of the investment professionals for their preliminary review. These reviews are an occasion to gather the investment professionals' input on the investment thesis, industry activity, informational resources and ways to create value post-closing.

*Structure Investment.* The deal team works to structure the investment in a manner that it believes will provide an attractive risk/return profile and promote the growth prospects and opportunities of the company. The Advisers strive to use structures designed to minimize downside risk, such as liquidation preferences, participation features and dividends. The Advisers have developed a set of protective covenants and control provisions that are designed to provide certain governance, control and liquidity rights, and the Advisers often seek to implement these covenants and provisions as appropriate.

*Due Diligence and Approval.* Once a letter of intent with exclusivity has been signed and the investment committee has given preliminary approval to pursue the opportunity, the deal team executes the due diligence process. The purpose of this process is to gain a thorough understanding of the operations of the target company, review and quantify opportunities and evaluate potential risks that may threaten the investment in the future. The Advisers typically engage leading professional service providers across a broad range of disciplines and industries to assess business and industry conditions, accuracy of financial statements, quality of revenues and earnings, reasonableness of projections, competition, product and service efficiencies and customer satisfaction, and work closely with due diligence providers throughout their engagement. Projected operating plans are reviewed with management and downside scenarios are developed and analyzed. At this time, the Advisers also typically review specific opportunities for the Advisers to add value through additional relationships including candidates for chairman or lead director. Plans for acquisitions and eventual exits are explored and conversations with potential targets or exit opportunities are often underway during due diligence.

In addition to company and market specific matters, the Advisers' deal team spends time analyzing the strengths and weaknesses of the management team. This review typically includes management reference calls, background checks and multiple interviews with key management team members. This management team review generally allows the Advisers not only to assess current management, but begin to plan for the necessary near-term changes or additions to the current team prior to closing the transaction.

The deal team analyzes the findings of these due diligence procedures both during and at the end of each engagement and incorporates adjustments or protections into the transaction where appropriate to ensure the Advisers' risk/return profile of the investment remains intact. At the end of the due diligence process, the deal team leads the Advisers' investment team through a review of the due diligence findings to prepare for the funding of the transaction. Prior to this review, the Advisers' deal team will assemble and circulate a final approval memorandum that outlines the business, risks, financial analysis and investment opportunity. The funding review is also typically accompanied by a presentation to the Advisers by the target company's management. Each new investment receives unanimous consent of the investment committee for approval and subsequent funding of the transaction.

In connection with origination, monitoring or disposition activities, the Advisers generally use a broad range of deal sourcers or brokers, consultants, including, without limitation, Operating Advisors, or other parties for assistance at the expense of the Partnerships. Such deal sourcers or brokers, consultants or others may have other business dealings, affiliations or arrangements with Lazard, Edgewater or its Principals. See "Fees and Compensation — Other Information," above.

## **Risks of Investment**

A Partnership and its investors bear the risk of loss that the applicable Advisers' investment strategy entails. The risks involved with the Advisers' investment strategy and an investment in a Partnership are detailed in each Partnership's Memorandum. Accordingly, the summary below is qualified in its entirety by the risks set forth in each Partnership's Memorandum. Please consult each Partnership's Memorandum for a more detailed description of the risks involved with an investment in such Partnership. *There can be no assurance that the Advisers will achieve the investment objectives of any of the Partnerships, and a loss of investment is possible.* In general, the material risks with respect to an investment in each Partnership include, but are not limited to:

1. *Business Risks.* A Partnership's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

2. *Future and Past Performance.* The performance of the Advisers' prior investments is not necessarily indicative of a Partnership's future results. While the General Partner intends for the Partnerships to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurance that the targeted internal rate of return will be achieved. On any given investment, loss of all or any portion of principal is possible. There can be no assurance that any partner will receive any distribution from a Partnership. Accordingly, an investment in a

Partnership should only be considered by persons who can afford the loss of their entire investment.

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

4. *Concentration of Investments.* A Partnership will participate in a limited number of investments (and may seek to make several investments in one industry or one industry segment or within a short period of time). As a result, a Partnership's investment portfolio could become highly concentrated, and the performance of one or a few holdings or of one or a few particular industries may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Partnership may invest in fewer portfolio companies and thus be less diversified.

Each active Partnership generally is restricted from directly investing more than 15% of such Partnership's aggregate Commitments (measured as of the date any such investment is to be made) in any one company. Such restriction may be waived upon approval by the advisory board comprised of the Partnership's limited partners, as described in the applicable Governing Documents.

5. *Lack of Sufficient Investment Opportunities.* It is possible that a Partnership will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), the limited partners will be required to bear Management Fees through such Partnership during the investment period based on the entire amount of the limited partners' commitments to such Partnership and other expenses as set forth in the Governing Documents.

6. *Dynamic Investment Strategy.* While the General Partners generally intend to seek attractive returns for the Partnerships primarily through the investment strategy and methods described in the Memorandum, the General Partners reserve the right to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Governing Documents. The General Partners reserve the right to pursue investments outside of the industries and sectors in which the Principals have previously made investments or has internal operational experience. The General Partners reserve the right to pursue investments in Rule 144A securities, investment companies and other pooled investment vehicles, platform transactions, joint ventures and other similar investments.

7. *Illiquidity; Lack of Current Distributions.* An investment in a Partnership should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment.

Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Partnership (including the annual Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Partnership's capital, including unfunded commitments.

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

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

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

In addition, Partnership-level borrowing will result in incremental partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to the maintenance, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Partnership's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Partnership's cost of borrowing, Partnership-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Partnership's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Partnership-level borrowing typically delays the need for limited partners to make contributions to a Partnership, which in certain circumstances enhances the relevant Partnership's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the relevant 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 Partnership nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

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

Partnership-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the relevant General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a

large amount of capital at once to repay the-then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Partnership. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A General Partner is authorized to use Partnership-level borrowing to pay Management Fees and to reimburse Edgewater for expenses incurred on behalf of a Partnership. A Partnership is also permitted to utilize Partnership-level borrowing when the relevant General Partner expects to repay the amount outstanding through means other than limited partner capital, including as a bridge for equity or debt capital with respect to an investment. If such Partnership ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

In addition, certain holding companies formed by Edgewater and wholly owned by one or more Partnerships have or are expected to enter into a subscription line with one or more lenders in order to finance the acquisition of a Partnership investment or the operations of a portfolio company. Borrowing by such holding companies will be guaranteed by the relevant Partnership(s) and, accordingly, subjects limited partners in the relevant Partnership(s) to the same risk and costs as those set forth above.

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

11. *Reliance on Portfolio Company Management.* Although the General Partners will monitor the performance of each Partnership investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although the Partnerships generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management, or any successor, of such companies will be able or willing to successfully operate a company in accordance with each Partnership's objectives. An investment by a third party in a portfolio company involves risks, including the possibility that a third-party investor may have economic or business interests or goals that are inconsistent with those of a Partnership or may be in a position to take (or block) actions in a manner contrary to a Partnership's investment objectives.

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

13. Need for Follow-On Investments. Following its initial investment in a given portfolio company, a Partnership may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that a Partnership will make follow-on investments or that any Partnership will have sufficient funds to make all or any of such investments. Any decision by a Partnership 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 Partnership to increase its participation in a successful portfolio company or the dilution of the Partnership's ownership in a portfolio company if a third party invests in such portfolio company.

14. Non-U.S. Investments. A Partnership may invest in companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Partnership), 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 Partnership and/or its partners with respect to such Partnership's income and possible non-U.S. tax return filing requirements for a Partnership and/or its partners.

Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) political or social instability; and (g) nationalization and expropriation of private assets. Moreover, 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.

Each active Partnership generally is restricted from directly investing in any company organized or headquartered outside of the United States or Canada if, after giving effect to such investment, the aggregate cost of all such companies held by the applicable Partnership would exceed 20% of the Partnership's aggregate Commitments. Such restriction may be waived upon approval by an advisory board of limited partners, as described in the applicable Governing Documents.

15. Portfolio Company Directors. A Partnership will often obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Such representatives will be required to make decisions that consider the best interests of the respective portfolio companies. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interest of such portfolio company (or a third party, such as a creditor) may not be in the best interests of a Partnership, and vice versa. Additionally, serving on the board of directors (or similar governing body) of a portfolio company exposes a Partnership's representatives, and ultimately such Partnership, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from a Partnership's investment activities.

16. Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. Furthermore, such confidence may be adversely affected by local, regional or global health crises including, but not limited to, the rapid and pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19 (as defined below). Such health crises could exacerbate political, social and economic risks previously mentioned, and result in significant breakdowns, delays and other disruptions to important global, local and regional supply chains affected, with potential corresponding results on the operating performance of affected portfolio companies. A climate of uncertainty, including the contagion of infectious viruses or diseases, may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Partnership and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by a Partnership and result in longer holding periods for investments. Furthermore, such uncertainty, including the uncertainty stemming from the contagion of infectious viruses or diseases, or general economic downturn may have an adverse effect upon a Partnership's portfolio companies.

17. 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 a Partnership.

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 a Partnership. The extent of the impact on a Partnership and its 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 a Partnership 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 a Partnership intends to pursue, all of which could adversely affect a Partnership’s ability to fulfill its 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. In addition, the operations of a Partnership, its portfolio companies, its general partner and Edgewater 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.

18. Market Conditions. The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Partnership and may affect a Partnership's ability to make investments. Any material change or instability in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, may increase the risks inherent in a Partnership's investments and could have a negative impact on the performance and/or valuation of the portfolio companies. A Partnership's performance can be affected by deterioration in public markets and by market events, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Partnership's performance. The value of publicly traded securities may be volatile and such securities may be difficult to sell as a block, even following a realization through listing.

19. Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments. In the event that the global credit markets deteriorate and it becomes more difficult for investment funds such as the Partnerships to obtain favorable financing for investments, a Partnership's ability to generate attractive investment returns may be adversely affected. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Partnership to realize its investments at favorable times or for favorable prices.

20. Hedging Arrangements; Related Regulations. A General Partner is authorized (but not obligated) to endeavor to manage a Partnership's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. A Partnership 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 Partnership 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 Partnership to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the relevant General Partner and/or one of its affiliates an obligation

to register with the U.S. Commodity Futures Trading Commission (the “CFTC”) or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Partnership or a portfolio company to hedge its exposures becomes limited by such requirements.

21. *Unfunded Pension Liabilities of Portfolio Companies.* Certain court decisions have found that, where an investment fund owns 80% or more (or under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Advisers intend to manage each Partnership’s investments to minimize any such exposure, a Partnership may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where such Partnership may own an 80% or greater interest in such a portfolio company. If such Partnership (or other 80%-owned portfolio companies of such Partnership) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Partnership and the companies in which such Partnership invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

22. *Lack of Unilateral Control.* Even if a Partnership 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 Partnership invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, 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 Partnership or its limited partners. Such third parties may be in a position to take action contrary to a Partnership’s business, tax or other interests, and such Partnership may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

23. *Limited Access to Information.* Limited partners’ rights to information regarding a Partnership, the relevant General Partner or the Management Company generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that Edgewater and its affiliates will obtain certain types of material information from or relating to a Partnership’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 Edgewater’s control. Decisions by Edgewater 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 Partnership 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 Edgewater and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on a Partnership’s advisory board generally may, by virtue of such participation, have more or earlier information about a Partnership 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 Partnership succeeds in asserting confidentiality for requested documents and other materials, and Edgewater reserves the right to withhold certain information from investors subject to such laws for reasons relating to Edgewater's public reputation, business strategy or other reasons.

24. *Material Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of Edgewater and its affiliates, as well as in connection with officerships or directorships of Edgewater personnel, Edgewater frequently comes into possession of confidential or material non-public information. Therefore, Edgewater and its affiliates may have access to material non-public information that may be relevant to an investment decision to be made by a Partnership. Consequently, a Partnership 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 Edgewater'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 Edgewater or the Partnerships from entering into transactions with certain individuals or jurisdictions. The U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Partnership's acquisition of a portfolio company may preclude other Partnerships from making an attractive acquisition or require one or more other Partnerships to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Partnership may be adversely affected because of Edgewater'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 Partnership 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 Edgewater 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 Partnership will be able to participate in all potential investment opportunities that fall within its investment objectives.

25. *Valuation of Investments.* Generally, the relevant General Partner will determine the value of all a Partnership's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Partnership's investments because, among other things, the securities of portfolio companies held by such Partnership generally will be illiquid and not quoted on any exchange. There can be no assurance that the relevant General Partner will have all the information necessary to make

valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the relevant General Partner with respect to an investment will represent the value realized by a Partnership on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by the relevant General Partner may cause it to ineffectively manage a Partnership's investment portfolios and risks, and may also affect the diversification and management of such Partnership's portfolio of investments.

26. Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. 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. Any of such circumstances could subject a portfolio company, or the relevant Partnership, 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 Edgewater or one of its service providers holding its financial or investor data, Edgewater, its affiliates or the Partnerships may also be at risk of loss.

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

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including

private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

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

28. *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 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 Partnership and its investments, including the ability of a Partnership 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 Edgewater and Partnership portfolio companies, as applicable. 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.

### **Potential Conflicts of Interest Relating to the Advisers**

The Management Company and its related entities engage in a broad range of advisory and non-advisory activities. The Advisers will devote such time, personnel and internal resources as are necessary to conduct the business affairs of each Partnership in an appropriate manner, as required by the relevant Governing Documents, although the Partnerships and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Advisers conducting their activities, the interests of a Partnership likely will conflict with the interests of the Advisers, one or more other Partnerships, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Advisers will determine all matters relating to structuring transactions and Partnership operations using its reasonable judgment considering all factors it deems relevant, but

in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Partnerships.

During the investment period of a given Partnership, appropriate investment opportunities will be pursued by the Advisers through such Partnership, subject to certain limited exceptions set forth in the Governing Documents and Edgewater's Investment Allocation Policy. At any given time, the Advisers typically will manage several other Private Investment Funds in addition to a given Partnership, which may include investments similar to those in which such Partnership will be investing or have investments in portfolio companies in the form of securities or other investments that are not part of the principal investment strategy of such Partnership, and reserve the right to direct certain relevant investment opportunities to those Private Investment Funds and with respect to such investments. Pursuant to their respective Governing Documents, investors in certain Private Investment Funds may elect to forego any proposed investment opportunity, and, under those circumstances, the General Partners reserve the right to direct such investment opportunity to other Private Investment Funds managed by the Advisers and which are then investing capital. Edgewater 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 Principals and investment staff will continue to manage and monitor the investments of such Private Investment Funds until their realization. The portfolio company investments of such other Private Investment Funds from time to time compete with companies acquired by a given Partnership. The significant investment of the Principals in any given Partnership, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the limited partners in such Partnership, although the Principals have economic interests in such other Private Investment Funds and investments as well and receive Management Fees and carried interests relating to such interests. Following the investment period of a given Partnership, the Principals intend to focus their investment activities on other opportunities and areas unrelated to such Partnership's investments. Unless restricted by the Governing Documents, Edgewater personnel are permitted to serve on boards or act in other roles unaffiliated with Edgewater, the Partnerships 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.

From time to time, the Advisers will be presented with investment opportunities that would be suitable not only for a given Partnership, but also for other Private Investment Funds and other investment vehicles operated by advisory affiliates of Edgewater. In determining which investment vehicles should participate in such investment opportunities, the Advisers are subject to conflicts of interest among the investors in such investment vehicles. The Advisers attempt to allocate investment opportunities among a Partnership and other Private Investment Funds in what they believe to be a fair and equitable manner. As noted above, investors in certain Private Investment Funds may elect to forego investments, which, under the circumstances, likely will result in other Private Investment Funds receiving a greater allocation of such investments. Where necessary, the Advisers generally consult with and/or seek consent to conflicts from an advisory board consisting of limited partners of any applicable Partnership and any other Private Investment Fund.

The Advisers must first determine which Private Investment Fund(s) will, or are required to, participate in the relevant investment opportunity (however, as noted above, investors in certain

Private Investment Funds may elect to forego any proposed investment opportunity). The Advisers generally assess whether an investment opportunity is appropriate for a particular Private Investment Fund based on the relevant Governing Documents (and the conflicts provisions set forth therein), as well as factors including, but not limited to: investment and operating guidelines, diversification limitations, tax and regulatory considerations, minimum dollar limits and other relevant factors, including risk. For example, a newly organized Partnership generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Partnership generally reserves the right to invest together with other Partnerships advised by an affiliate of the Advisers in the manner set forth in the relevant Governing Documents and the Advisers' Investment Allocation Policy. The Advisers will determine the allocation of investment opportunities among Partnerships in a manner that they believe is fair and equitable consistent with the Advisers' obligations and reserve the right to take into consideration factors such as those set forth above.

Following such determination of allocation among the Private Investment Funds, the Advisers will determine if the amount of an investment opportunity in which one or more Private Investment Funds will invest exceeds the amount that would be appropriate for such Private Investment Fund(s) and the Advisers reserve the right to offer any such excess to one or more potential co-investors, including third parties, as determined by the Private Investment Funds' Partnership Agreements, side letter arrangements and the Advisers' Investment Allocation Policy. The Advisers' procedures permit it to take into consideration a variety of factors in making such determinations, including, but not limited to: whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived intensity of that interest; the expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; the perceived ability to quickly execute on transactions; and tax, regulatory and/or securities law considerations (*e.g.*, qualified purchaser or qualified institutional buyer status).

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

The Advisers' allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocation among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While an Adviser will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Private Investment Fund's actual allocation of an investment opportunity, if any,

or the terms on which that allocation is made, will be as favorable as they would be if the potential conflicts of interest to which the Advisers may be subject, discussed herein, did not exist.

In certain cases, Edgewater will have the opportunity (but, subject to any applicable restrictions or procedures in the relevant Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Partnership. In such cases, Edgewater will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors, and unless required by the relevant Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Partnership interests should be offered to one or more existing Partnership investors.

Where multiple Partnerships 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 may raise conflicts of interest, particularly with respect to Partnerships 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, Partnerships may or may not provide such additional capital, and if provided, each Partnership generally will supply such additional capital in such amounts, if any, as determined by Edgewater in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Edgewater 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 Partnership versus another Partnership (*e.g.*, the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Partnership enters into any indebtedness with another Partnership 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, Edgewater expects to be subject to potential conflicts of interest, for example between a Partnership with a reimbursement obligation and a Partnership seeking reimbursement. In certain circumstances Partnerships are expected to be prohibited from exercising (or Edgewater 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 Partnership or the other may be subject to creditor claims regarding subordination of interests. Edgewater intends to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Partnership to bear its proportionate share of the applicable indebtedness.

Potential conflicts are expected to arise when and to the extent a Private Investment Fund makes investments in conjunction with an investment being made by another Private Investment Fund, or if it were to invest in the securities of a company in which another Private Investment Fund has already made an investment. For example, a Private Investment Fund may not, for example, invest in a particular investment through the same investment vehicles, have the same access to credit to employ the same hedging or investment strategies as other Partnerships. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Private Investment Fund and the other Private Investment Fund(s)

or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. Edgewater and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Private Investment Fund's investments will be the same as the returns obtained by other Private Investment Funds participating in a given transaction. Given the nature of the relevant conflicts, there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Private Investment Funds. In that regard, actions taken for one or more Private Investment Funds may adversely affect other Private Investment Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, the Advisers will allocate fees and expenses in a manner that they believe is fair and equitable to their clients under the circumstances and considering such factors as they deem relevant, but in any case in their sole discretion. In exercising such discretion, the Advisers expect to be faced with a variety of potential conflicts of interest.

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

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

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

typically is not disclosed to investors in any Partnership, their effect is reflected in each Partnership's audited financial statements, and any fee paid or expense reimbursed to Edgewater or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Partnerships and their investments, Edgewater, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Edgewater's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Edgewater and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Partnership or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Edgewater Information**"). In many cases, Edgewater Information will include tools, procedures and resources developed by Edgewater to organize or systematize Edgewater Information for ongoing or future use. Although Edgewater expects its Partnerships and their portfolio companies generally to benefit from Edgewater's possession of Edgewater Information, it is possible that any benefits will be experienced solely by other or future Partnerships or portfolio companies and not by the Partnership or portfolio company from which Edgewater Information was originally received.

Edgewater Information will be the sole intellectual property of Edgewater and solely for the use of Edgewater. Edgewater reserves the right to use, share, license, sell or monetize Edgewater Information, without offset to Management Fees, and the relevant Partnership or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Partnerships 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 Partnerships or their respective investors; no such rewards will offset Management Fees.

The Advisers generally exercise their discretion to recommend to a Partnership or to a portfolio company thereof that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) an Adviser or a related person of the Advisers (which may include a portfolio company of such Partnership); (ii) an entity with which the Advisers or their affiliates or current or former members of their personnel has a relationship or from which the Advisers or their affiliates or their personnel otherwise derive financial or other benefit, including relationships with joint ventures or co-venturers; or (iii) certain limited partners or their affiliates. For example, the Advisers expect to be presented with opportunities to receive financing and/or other services in connection with a Partnership's investments from certain limited partners or their affiliates that are engaged in lending or related businesses. This discretion subjects the Advisers to conflicts of interest, because although the Advisers select service providers that they believe are aligned with their operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Partnership, the Advisers have a potential

incentive to recommend the related or other person (including a limited partner) because of their financial or other business interest. There is a possibility that the Advisers, 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 Partnerships or Advisers), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. The Advisers will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although the Advisers generally seek appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not the Advisers have a relationship or receive financial or other benefits from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

In addition, as described above, portfolio companies (and, to a lesser extent, the Partnerships) typically pay certain fees to Operating Advisors and other consultants (including consultants introduced or arranged by Edgewater and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset or reduce the Management Fee as described herein. Edgewater and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. To the extent that Operating Advisors are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Partnerships will bear a greater share of such compensation due to the utilization of the Operating Advisors' services at a time when fewer portfolio companies or Partnerships make use of such Operating Advisors. Although the use of Operating Advisors and the allocation of compensation paid to them by Edgewater, its affiliates and/or the portfolio companies subjects Edgewater and/or its affiliates to potential conflicts of interest, Edgewater believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Partnership(s)) that will result if the cost of the Operating Advisor is lower than market rates for the services provided and/or if the services of the Operating Advisor align with Edgewater's model for the portfolio company and improve portfolio company performance. Although Edgewater seeks to retain Operating Advisors with a view to reducing costs to portfolio companies (and, ultimately, the Partnerships) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. Edgewater also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Edgewater believes will align such persons' interests with those of the Partnerships' limited partners, and seeks to retain only Operating Advisors and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although the Advisers expect such transactions would not be engaged in regularly, from time to time the Advisers reserve the right to cause a Partnership to enter into a transaction whereby such Partnership purchases securities from, or sells securities to, other Partnerships managed by

an Adviser, or co-investors or co-investment vehicles. Such transactions arise in the context of rebalancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Partnership is acquired by another Partnership. Any such transactions raise conflicts of interest, including, but not limited to, the incentive for an Adviser to take advantage of economic differences in the Partnerships participating in such transaction by causing a Partnership with economic terms less favorable to the Adviser (*e.g.*, lower, reduced or no Management Fees; lower carried interest, including a Partnership unlikely to meet a preferred return hurdle required for the Adviser to receive carried interest; etc.) to sell an investment to a Partnership with economic terms more favorable to the Adviser (*e.g.*, higher Management Fees or carried interest; etc.) or to sell a portfolio company from one Partnership to another Partnership at a price, in the case of a Partnership purchasing a portfolio company from another Partnership, higher or, in the case of a Partnership selling a portfolio company to another Partnership, lower than the price that such Partnership could have paid to or received from a third party, as the case may be. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Partnerships' Partnership Agreements or otherwise in the sole discretion of the Advisers, the Advisers expect 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) and/or by obtaining the consent of the relevant Partnership(s) (including, where authorized, the consent of each Partnership's advisory board) to such transactions. In certain circumstances, the Advisers reserve 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 the Partnership under then-current market conditions. The Advisers intend that any such transactions be conducted in a manner that the Advisers believe in good faith to be fair and equitable to each Partnership under the circumstances, including a consideration of the potential present and future benefits with respect to each Partnership.

Although the Advisers expect such transactions would not be engaged in regularly, from time to time an Adviser reserves the right, acting for its own account (or a pooled investment vehicle deemed to be a principal account under SEC guidance), to sell a security to or purchase a security from a Partnership (*e.g.*, a warehousing transaction where an Adviser sells an investment to a Partnership). Participation in a "principal transaction" subjects the Advisers to conflicts of interest, including the possibility that the Adviser could favor itself over the Partnership and other conflicts involving liquidity, pricing and transparency. To the extent an Adviser engages in such a "principal transaction," such Adviser will abide by the following procedures: (i) disclose to the client (*e.g.*, the limited partners or advisory board of the affected Partnership empowered to deal with conflicts) in writing, before the completion of the transaction, the capacity in which the Adviser is acting; (ii) obtain the consent of the affected limited partners (including, where authorized, consent given by a Partnership's advisory board) to enter into the transaction; (iii) review the affected Partnership's private placement memorandum and Partnership Agreement to confirm that the transaction is permitted under such documents; and (iv) Edgewater's Chief Compliance Officer will make a determination, which may be based on information provided by other Edgewater personnel, that the transaction is in the interest of the applicable Partnership and is consistent with the applicable Adviser's fiduciary duties to such Partnership.

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

Edgewater and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Partnerships or other investment vehicles advised by Edgewater and/or its affiliates; conversely, former personnel or executives of Edgewater and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by Edgewater. Similarly, Edgewater, its affiliates and/or personnel maintain relationships with (or may 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, former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Edgewater and/or its affiliates, and/or the Partnerships or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Edgewater entities) to Edgewater personnel and their estate planning vehicles. Edgewater expects to be subject to a potential conflict of interest with a Partnership in recommending the retention or continuation of a third-party service provider to such Partnership or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Partnerships, will provide Edgewater information about markets and industries in which Edgewater operates (or is contemplating operations) or will provide other services that are beneficial to Edgewater or one or more other Partnerships. Edgewater expects to be subject to a potential conflict of interest in making such recommendations, in that Edgewater has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Partnership, while the products or services recommended may not necessarily be the best available to a Partnership or its portfolio companies.

Subject to any restrictions in the applicable Governing Documents, the Advisers, their affiliates and equityholders, and officers, principals and employees of the Advisers and their affiliates reserve the right to buy or sell securities or other instruments that the Advisers have recommended to a Partnership to the extent such Partnership elected not to acquire such securities. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in Edgewater's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Partnership. Employees and related persons of the Advisers have, and are expected to continue to have, capital investments in or alongside certain Partnerships, or in prospective portfolio

companies, directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and, therefore, expects to have additional potential conflicting interests in connection with these investments.

Except to the extent prohibited by the Governing Documents, Edgewater 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 special purpose acquisition companies (SPACs) the investment or business strategy of which does not overlap with the Partnerships 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, Edgewater and its personnel are also permitted to offer, restructure and monetize interests in Edgewater.

Certain limitations generally apply with respect to an Adviser's ability to make investments on behalf of a newly established Private Investment Fund, including, in some cases, a requirement that the Adviser will not commence the operation of a new Private Investment Fund with objectives substantially similar to those of an existing Private Investment Fund until the end of such existing Private Investment Fund's investment period or until such other time as described in the applicable Partnership Agreement.

Because the General Partners' carried interest is based on a percentage of realized profits, it creates an incentive for the Advisers to cause the Partnerships to make riskier or more speculative investments (or hold investments for longer periods) than would otherwise be the case. Since the General Partners are permitted to retain certain Supplemental Fees (as described above under "Fees and Compensation") in connection with Partnership investments, which may be significant, the Advisers expect to be subject to potential conflicts of interest in connection with approving transactions and setting such compensation (including through the right to appoint portfolio company board members, or to influence their appointment). In many cases, Supplemental Fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company. The Advisers manage such conflicts by fully or partially offsetting the Management Fee with such Supplemental 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, Edgewater reserves the right to accrue, defer or forego payments of Supplemental 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.

The Advisers and/or their affiliates reserve the right to enter into side letter arrangements with certain investors in a Partnership providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures (including discounted or rebated compensation terms), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts and liquidity or transfer rights. Side letter arrangements may also relate to strategic relationships under which an investor agrees to make Commitments to multiple

Partnerships. 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 Partnership, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such side letters. As a consequence of one or more limited partners being excused or excluded, or from regulatory or other factors limiting their participation in investments, the aggregate returns realized by participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments.

### **Potential Conflicts of Interest Relating to Relationship with Lazard**

Lazard is a subsidiary of Lazard Ltd, a publicly traded company. Lazard undertakes a wide range of financial advisory, asset management and other activities for a wide variety of clients, including institutions, companies and individuals, and for its own account. In particular, Lazard Middle Market LLC, an indirect subsidiary of Lazard Group LLC, specializes in providing advice on mergers and acquisitions, restructurings and financings to middle market businesses.

Notwithstanding the fact that the Advisers management team continues to manage the Partnerships, there may be situations in which Lazard has a duty or an interest that actually or potentially conflicts with interests of a Partnership and such Partnership's portfolio companies. Except as described below, conflicts with Lazard or its clients may not be resolved in such Partnership's interest and, as a result, certain investment opportunities may not be made available to the Partnership or the Partnership may be otherwise disadvantaged in some situations by its relationship with Lazard. The following discussion enumerates certain of these conflicts of interest.

Investment Opportunities. While Edgewater believes that the relationship with Lazard will result in enhanced investment opportunities for the Partnership, it is possible that certain opportunities will not be available to a Partnership as a result of such relationship. Lazard and its employees currently, and expect in the future to, manage, assist in the management of, have interests in or fiduciary responsibilities for other funds, with objectives that may overlap with the objectives of a Partnership, and it is possible that a particular investment opportunity would be suitable for both such Partnership and one or more of such other funds. The terms of these other funds may require Lazard or its affiliates to first offer certain types of investment opportunities to such other funds. In situations where the investment in question is deemed to satisfy the investment objectives of multiple funds, there will be conflicts of interest among a Partnership, the applicable General Partner, its affiliates, existing and future affiliated funds managed by Lazard or its affiliates and/or Lazard's clients regarding which of such entities will be given the opportunity to make such investment. Conflicts with respect to the allocation of potential investment opportunities will be considered and resolved on a case-by-case basis, subject to the principal agreements of such entities. Decisions as to the allocation of investment opportunities that come to the attention of Lazard or its affiliates present numerous conflicts of interest, which will not necessarily always be resolved in the manner that is most favorable to a Partnership's interests, even if such investments otherwise meet such Partnership's investment objectives. In addition, there can be no assurance that potentially suitable investment opportunities that come to the attention of Lazard or its affiliates will be made available to a Partnership or made known to the applicable General Partner.

Investments and Transactions Involving Lazard or its Clients. Under certain circumstances and subject to the requirements of the applicable Governing Documents and applicable law, including any consent requirements, a Partnership may invest in an entity or participate in a transaction in which Lazard or one of its clients or affiliates has already invested or is expected to participate. In connection with such investments, such Partnership, on the one hand, and Lazard or such third party, on the other hand, may have conflicting interests, particularly if the Partnership and the other party invest in different classes or types of securities of the same portfolio company.

The Advisers also expect to face potential conflicts of interest in connection with any purchase or sale transaction involving an investment by a Partnership, whether to or from Lazard, Lazard's clients or another investment fund affiliated with Lazard, and in connection with the consideration offered by, and the obligations of, Lazard, Lazard's clients or such other investment fund in such transactions.

Lazard's Advisory Activities. Clients of Lazard's advisory business may compete with a Partnership for investment opportunities meeting such Partnership's investment objectives. In addition, as part of its regular business, Lazard may be engaged to (i) advise the seller of a company, business or assets that would qualify as an investment opportunity for a Partnership, (ii) advise potential purchasers, sellers and other involved parties with respect to assets that may be suitable for investment by a Partnership or (iii) provide restructuring advisory services to special situation companies in which a Partnership is interested in investing. While the Advisers believe that the relationship with Lazard generally will result in enhanced investment opportunities for the Partnerships, it is possible that certain opportunities will not be available to the Partnerships as a result of such relationship or, if available, Lazard's interests or its obligations to its clients may diverge from the Partnerships' interests. In addition, Lazard may possess inside information concerning specific companies that could limit a Partnership's ability to buy or sell securities issued by such companies.

Lazard will be under no obligation to decline any engagements and will be under no obligation to make any investment opportunity available to any Partnership. Further, investment ideas generated within Lazard may be suitable for a Partnership and for a financial advisory client or another Lazard-managed fund, and Lazard reserves the right to direct such investment ideas to a client or other fund rather than to such Partnership.

Lazard has long-term relationships with a significant number of institutions and their senior management. In determining whether to invest in a particular transaction on behalf of a Partnership, the Advisers reserve the right to consider those relationships, which may result in certain transactions that a General Partner will not undertake on behalf of a Partnership in view of such relationships.

Lazard's Asset Management Business. In the course of its investment management and advisory activities, Lazard's asset management businesses may make investments in issuers or securities that relate to, or are in potential conflict with, a Partnership's investments or interests. In addition, Lazard, for the accounts of its clients or its own account, also reserves the right to take positions, give advice and provide recommendations contrary to those that are taken by, given or provided to a Partnership and hold interests potentially adverse to those of such Partnership even though the objective of such account, under certain circumstances, are the same as, or similar to,

that of the Partnership. These activities could result in securities laws restrictions on transactions in such securities by the Partnership, affect the prices of the Partnership's investments or the ability of the Partnership to dispose of such investments and otherwise create conflicts of interest for the Partnership, which could have an adverse impact on the Partnership's performance.

Compensation for Services. Lazard is authorized, directly or indirectly through one or more of its subsidiaries or affiliates, and subject to the requirements of the applicable governing documents and applicable law, including any consent requirements, to enter into contracts on arms'-length terms to perform other financial, investment, advisory and consulting services for, and will in such cases receive customary compensation from, a Partnership's portfolio companies, the Partnership or other parties in connection with transactions related to the Partnership's investments or otherwise. Such compensation could include, without limitation, investment banking fees or fees in connection with restructurings and mergers and acquisitions. As with any other service provider, compensation for these services will not be shared with such Partnership or the limited partners.

Other Businesses. Lazard reserves the right to provide services in the future beyond those currently provided, including commercial banking, brokerage, customer financing, asset-based financing, corporate finance and commercial finance services, among others, and engage in private equity investment activities, which may include managing or forming additional alternative investment funds that may compete with the Partnerships. In conducting the aforementioned activities, Lazard will be acting for its own account or the accounts of its clients and will have no obligation to act in the interest of the Partnerships. In addition, the foregoing activities could create potential conflicts of interest for a Partnership, which could have an adverse impact on the Partnership's performance.

Other Resources. While it is expected that Lazard's investment in the Partnerships and its meaningful participation in the distribution waterfalls of the Partnerships will give Lazard an interest in the success of the Partnership, Lazard individuals who are not investment professionals of the Advisers will be required to devote substantially all of their professional time to matters unrelated to the Partnerships and their investment activities and will not always be available for Partnership-related matters. Furthermore, the Advisers will be under no obligation to consult with such individuals in connection with the activities of the Partnerships and there can be no assurance that Lazard will continue to sponsor any particular advisory or capital markets group or employ financial advisors or analysts in any particular industry focus area or that any individual currently employed in such a capacity will continue to remain employed by Lazard, or, in the event of the termination of such individual's employment, will be replaced by a similarly qualified individual to whom the Advisers may have access. Finally, the presence of legal, regulatory and contractual restrictions (*e.g.*, "information barriers") may reduce the positive synergies, if any, resulting from Lazard's interest in the success of the Partnerships.

## **DISCIPLINARY INFORMATION**

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

## OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

The Management Company is affiliated with the General Partners and other general partner and equivalent entities formed from time to time and subject to the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. These advisers are GP I, GP II, GP III, GP IV and SMA GP. These entities operate as a single advisory business together with the Management Company and serve as general partners of the Partnerships and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Each General Partner is directly or indirectly owned by Edgewater HoldCo, James A. Gordon and certain other Principals of Edgewater. As described above under "Advisory Business," Edgewater HoldCo is owned by Lazard, James A. Gordon and certain other Principals of Edgewater. The Management Company is principally owned by Lazard, which controls, among many other subsidiaries, Lazard Freres & Co. LLC, Lazard Middle Market LLC and Lazard Asset Management Securities LLC, which are SEC-registered broker dealers and FINRA members; Lazard Asset Management LLC, which is registered as an investment adviser with the SEC; and various other operating subsidiaries in the financial services industry around the world that are regulated by, among others, the Financial Conduct Authority in the UK, the Autorite de Contrôle Prudentiel et de Resolution and Autorite des Marchés Financiers in France, the Japanese Ministry of Finance and the Financial Supervisory Agency, the Korean Financial Supervisory Commission, the Securities and Futures Commission of Hong Kong, the Monetary Authority of Singapore, the Australian Securities & Investments Commission, the Dubai Financial Services Authority and German banking authorities. The potential conflicts of interest presented by the Management Company's affiliation with Lazard and its operating subsidiaries are discussed above under "Methods of Analysis, Investment Strategies and Risk of Loss — Potential Conflicts of Interest Relating to Relationship with Lazard."

Lazard's representative on the Advisers' Investment Committee is a registered representative, supervisory principal and financial and operations principal of Lazard Freres & Co. LLC. This arrangement may create a conflict of interest, as Private Investment Funds or their portfolio companies may utilize the services of Lazard Freres & Co. LLC, subject to any requirements of the applicable Partnership Agreement, including advisory board approval, as discussed above under "Methods of Analysis, Investment Strategies and Risk of Loss — Potential Conflicts of Interest Relating to Relationship with Lazard."

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

The Advisers have adopted the Edgewater Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of the Advisers' Principals and employees and addresses conflicts that arise from personal trading. The Code requires the Advisers' personnel to report their personal securities transactions and to obtain approval from the Advisers' Chief Compliance Officer or his designee prior to most securities transactions. In addition, the Code requires such personnel to comply with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Matthew

W. Norris, Edgewater's Chief Compliance Officer, at (312) 664-8621. Personal securities transactions by Edgewater employees are required to be conducted in a manner that prioritizes the Partnerships' interests in Partnership-eligible investments.

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

Principals and other employees of the Advisers and their affiliates are expected to directly or indirectly own an interest in Private Investment Funds or certain co-investment vehicles. The Advisers believe that such interests do not create a conflict of interest and instead operate to align the interests of the Advisers' personnel with that of the Private Investment Funds. The Partnerships and other Private Investment Funds may invest together with other private investment funds advised by an affiliated adviser of the General Partner in the manner set forth in the applicable Partnership Agreement. The Advisers will determine the allocation of investment opportunities in a manner that they believe is fair and equitable to their clients consistent with the Advisers' fiduciary obligations and consistent with the applicable Private Investment Funds' underlying documents. However, certain separately managed account arrangements may give investors approval rights over investments or otherwise provide restrictions on the Advisers' discretion.

The Advisers and their affiliates, Principals and employees expect from time to time to carry on investment activities for their own accounts, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in the Partnerships, as well as give advice and recommend securities to other accounts or certain Partnerships or vehicles that may differ from advice given to, or securities recommended or bought for, other Partnerships or vehicles, even though their investment objectives may be the same or similar.

From time to time, the General Partners reserve the right to borrow funds on behalf of the Partnerships and contribute such borrowed amounts to the Partnerships as a special capital contribution for investment, to be repaid at a later date. Interest in connection with such borrowing is borne by the Partnerships as a Partnership expense, consistent with the applicable Partnership Agreement (or other governing document) and the expense policy described above under "Fees and Compensation." In borrowing on behalf of the Partnerships, the General Partners are subject to potential conflicts of interest between repaying their obligations and retaining such borrowed amounts for the benefit of the Partnerships. The General Partners will effect such borrowings in a manner that they believe to be fair and equitable to the Partnerships and consistent with the General

Partners' obligations to the Partnerships and the applicable Partnership Agreement (or other governing document).

### **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers reserve the right to distribute securities to investors in the Partnerships or sell such securities, including through a broker-dealer, such as where a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, the Advisers follow the brokerage practices described below.

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

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

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since Edgewater's inception.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that an Adviser engages in any such transactions, orders for the purchase or sale of securities placed first will be executed first and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers also reserve the right to purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund is favored over any other Private Investment

Fund. If such orders are not batched, it may have the effect of increasing brokerage commissions or other costs.

## **REVIEW OF ACCOUNTS**

The investments made by the Private Investment Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities. However, the Advisers closely monitor companies in which the Private Investment Funds invest, and the Edgewater Chief Compliance Officer periodically checks to confirm that each Private Investment Fund is maintained in accordance with its stated objectives.

The Partnerships generally will provide to their limited partners (i) GAAP-audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each limited partner's U.S. tax returns and (iv) descriptive investment information for each portfolio company periodically.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

As described above under "Fees and Compensation," the Advisers and/or their affiliates are authorized to receive certain Supplemental Fees from the Partnerships' portfolio companies. As described in the applicable Partnership Agreement, this compensation will, in certain circumstances, offset a portion of the Management Fees paid by the Partnerships. However, in other circumstances (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company or payments to Operating Advisors), these fees (or reimbursements) would be in addition to, and would not result in a reduction of, Management Fees. See "Fees and Compensation," above.

The Advisers and/or their affiliates, including Operating Advisors, under certain circumstances have the right to receive certain non-investment advisory fees and other compensation in connection with the Partnerships' investments and portfolio companies. The Advisers and/or their affiliates generally have discretion over whether to charge such fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such fees or other compensation. The receipt of such compensation may give rise to conflicts of interest between the Partnerships, on the one hand, and the Advisers and/or their affiliates, on the other hand.

Portfolio company-related fees have included amounts prepaid in anticipation of future services or otherwise accelerated in certain situations (*e.g.*, an initial public offering), which generally were offset against the applicable Management Fee to the extent set forth in the relevant Governing Documents. Furthermore, a Partnership has, in most cases, only benefited with respect to its allocable portion of any such fee and not the portion of any fee allocable to another entity, including, if applicable, any co-investment vehicle.

The Advisers or their affiliates reserve the right to enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential investor becoming a limited partner in a Private Investment Fund. Any fees payable to any such placement agents generally will be borne by the Advisers directly or indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant

to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Partnership(s).

### **CUSTODY**

The Advisers maintain custody of the Partnerships' assets held in the Partnerships' names with the following qualified custodians:

- J.P. Morgan Private Bank, 500 Stanton Christiana Road, Newark, DE 19713
- Bank of New York Mellon, 240 Greenwich Street, New York, NY 10286
- Citizens Bank, N.A., 28 State Street, Boston, MA 02109

As applicable, Edgewater urges the investors in Private Investment Funds to carefully review any statements that they may receive from a qualified custodian and, where relevant, to compare them to the statements or information provided by Edgewater.

### **INVESTMENT DISCRETION**

The Advisers have discretionary authority to manage investments on behalf of each Partnership. As a general policy, the Advisers do not allow limited partners to place limitations on this authority, except that the Governing Documents of a Partnership impose certain restrictions on investing in certain types of securities, and in certain Private Investment Funds, the Advisers are expected to negotiate the level of investment discretion with the client at the outset of the advisory relationship. Pursuant to the terms of the Partnership Agreement, however, an Adviser reserves the right to enter into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Partnership will 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 Advisers assume this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of each Partnership.

### **VOTING CLIENT SECURITIES**

The Advisers have adopted the Edgewater Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how they will vote proxies, as applicable, for the Partnerships' portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Partnerships, including where there may be material conflicts of interest in voting proxies. The Advisers generally believe their interests are aligned with those of the Partnerships' investors, for example, through the Principals' beneficial ownership interests in the Partnerships and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of an advisory board of limited partners on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The Advisers do not consider service on portfolio company boards by Edgewater personnel or the Advisers' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting

guidelines followed by the Advisers when voting proxies on behalf of the Partnerships. Clients or investors that would like a copy of Edgewater's complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies may contact Matthew W. Norris, Edgewater's Chief Compliance Officer, at (312) 664-8621, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

The Management Company does not require or solicit prepayment of Management Fees more than six months in advance and is not otherwise required to make any other disclosure under this item of the Brochure.