

Audax Management Company, LLC

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Part 2A of Form ADV: Firm Brochure
March 31, 2021

This brochure provides information about the qualifications and business practices of Audax Management Company, LLC. If you have any questions about the contents of this brochure, please contact us at compliance@audaxgroup.com. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.

Additional information about Audax Management Company, LLC also is available on the SEC’s website at www.adviserinfo.sec.gov. An investment adviser’s registration with the SEC does not imply a certain level of skill or training.

Item 2. Material Changes

This brochure contains additional information on fees and expenses, risk factors, and conflicts of interest. This Form ADV Part 2A was last updated and filed with the SEC on March 30, 2020. In addition, Audax Management Company, LLC has made routine updates throughout the brochure to improve and clarify the description of its business practices and compliance policies and procedures, as well as to respond to evolving industry best practices.

Item 3. Table of Contents

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IMPORTANT NOTE ABOUT THIS BROCHURE

This brochure is not:

- **an offer or agreement to provide advisory services to any person;**
- **an offer to sell interests (or a solicitation of an offer to purchase interests) in any fund or pooled investment vehicle; or**
- **a complete discussion of the features, risks or conflicts associated with any advisory relationship, fund or investment vehicle.**

To the extent required by the US Investment Advisers Act of 1940, as amended (the “Advisers Act”), the Adviser (as defined below) provides this brochure to current and prospective clients and may also, in its discretion, provide this brochure to current or prospective investors in a fund or pooled investment vehicle, together with the fund’s offering documents, SEC filings (if applicable), organizational documents, or other related documents, prior to, or in connection with, such person’s investment in such fund or investment vehicle. Additionally, this brochure is available through the SEC’s Investment Adviser Public Disclosure website.

Although this publicly available brochure describes investment advisory services and products, persons who receive this brochure should be aware that it is designed solely to provide information about the Adviser as necessary to respond to certain disclosure obligations under the Advisers Act. As such, the information in this brochure will differ from information provided in relevant governing or offering documents. More complete information about each client engagement, fund, or investment vehicle is included in the relevant governing and/or offering documents.

In no event should this brochure be relied upon in determining whether to invest in a fund or investment vehicle managed by the Adviser or to otherwise engage the Adviser as an investment adviser. To the extent that there is any conflict between discussions herein and similar or related discussions in any governing documents, the relevant governing documents will govern and control.

Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means Audax Management Company, LLC, a Delaware limited liability company, together (where applicable) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates are under common control with Audax Management Company, LLC and possess a substantial identity of personnel and/or equity owners with Audax Management Company, LLC. Such affiliates are typically formed for tax, regulatory, or other purposes in connection with the organization of the Funds, or may serve as general partners (“General Partners”) of the Funds.

The Adviser provides investment supervisory services to investment vehicles (each a “Fund” and, collectively, the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”).

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives, guidelines, and restrictions, investments are generally made in a broad range of companies doing business globally. The Adviser’s advisory services consist of investigating, identifying, and evaluating investment opportunities, structuring, negotiating, and making investments on behalf of the Funds, managing and monitoring the performance of such investments, and disposing of or realizing such investments.

The Adviser provides investment supervisory services to each Fund in accordance with the organizational and operational documents of such Fund (such as a limited partnership agreement) or a separate investment and advisory, investment management, or portfolio management agreement (each, an “Advisory Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds. The individual needs of the investors in the Funds are not the basis of investment decisions by the Adviser. Other services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, are generally established in the organizational or offering documents of the applicable Fund and/or side letter agreements negotiated with investors in the applicable Fund.

The principal owners of Audax Management Company, LLC are Geoffrey S. Rehnert and Marc B. Wolpov. As indicated on Form ADV Part 1A, the principal owners hold their interest directly or indirectly through one or more intermediary entities. The Adviser has been in business since July 1999. As of December 31, 2020, the Adviser’s regulatory assets under management were \$10.7 billion, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Advisory Fees and Carried Interest (each as defined below) or similar performance-based remuneration from each Fund. Additionally, consistent with the organizational and operational documents of a Fund, the Fund typically bears certain out-of-

pocket expenses incurred by the Adviser in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

As compensation for investment advisory services rendered to the Funds, the Adviser receives from each Fund an advisory fee (each, an “Advisory Fee”). In certain cases, Advisory Fees paid by a Fund are reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments (as described below). Advisory Fees paid by a Fund are indirectly borne by investors in such Fund. Certain Funds, primarily Co-Investment Vehicles (as defined below), do not pay an Advisory Fee.

In addition, the Adviser and its affiliates expect to perform transaction-related, financial advisory, and other services for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with structuring investments in such portfolio companies, as well as mergers, acquisitions, add-on acquisitions, refinancings, restructurings, public offerings, sales, divestments and similar transactions (“Transaction Fees”).

The Adviser and its affiliates expect to also receive monitoring fees (“Monitoring Fees”) pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies.

In addition to Transaction Fees and Monitoring Fees, the Funds expect to receive fees from certain prospective portfolio companies, including commitment fees, breakup fees, and litigation proceeds, with respect to transactions not consummated (“Breakup Fees” and together with Transaction Fees and Monitoring Fees, “Deal Fees”). In certain cases, the Adviser will allocate such Deal Fees across all Funds, including Co-Investment Vehicles that the Adviser selected as proposed investors with respect to such proposed transactions, in proportion to the amount each such Fund planned to invest. In other cases, the Adviser will allocate such amounts disproportionately to such Funds that are not Co-Investment Vehicles (any such disproportionate allocation to such Funds, “Excess Deal Fees”).

In addition, the Adviser and its affiliates expect to receive fees in connection with serving on the board of directors of a portfolio company (“Directors Fees”) and together with Deal Fees, the “Other Fees”). The amount and timing of Other Fees received by the Adviser or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction. For a discussion of material conflicts of interest created by the receipt of such fees, please see Item 11 below.

Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies, prospective portfolio companies, or investment vehicles (or rights thereto), or otherwise. Although these Other Fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid (if any) by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or organizational or operational documents of the applicable Fund. Generally, under the terms of the applicable organizational or operational documents, for purposes of

calculating any Advisory Fee offset these Other Fees are offset net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. In certain Funds, any unused portion of aggregate offset amount will not be given back to a Fund's investors at the end of the Fund's term. Accordingly, those investors will not receive the full benefit of the offset. Because certain Funds do not pay Advisory Fees, any such reduction will not benefit such Funds; moreover, any such reduction of a Fund's Advisory Fees may be limited to the extent of such Fund's proportionate interest in any such portfolio company.

A portfolio company will typically also reimburse the Adviser or service providers retained at the Adviser's discretion for certain expenses incurred by the Adviser in connection with its performance of services for such portfolio company including, without limitation: travel expenses (including for corporate, chartered or first class commercial air travel, private ground transportation, cars outside normal business hours, and lodging and accommodations); meals (including premium meals and meals outside normal business hours) and entertainment expenses; social and entertainment events with portfolio company management, customers, clients, borrowers, lenders, brokers, service providers, and portfolio company suppliers, prospective suppliers, and customers; expenses relating to training programs, meetings, or other events (to the extent such programs, meetings or events are attended by portfolio company personnel); expenses relating to hiring portfolio company personnel (including background checks, recruiting, and relocation expenses); deal specific research and diligence; accounting, legal (including, for instance, legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company borrower or a lender), tax consulting, technology, and other professional services; and any other out-of-pocket expenses incurred in connection with the making, monitoring and/or disposing of such portfolio company, including follow-on investments and re-financings. Such reimbursed expenses are generally not included in the definition of "Other Fees" under the terms of the applicable organizational documents and such reimbursements are not subject to the sharing arrangements described above and thus, would not reduce the Advisory Fees paid (if any) by the applicable Fund.

Certain other fees and reimbursements that are generally not considered "Other Fees" and do not reduce the Advisory Fee payable by a Fund include (but are not limited to) the following: (i) the portion of any fees allocable to capital invested by a Fund, co-investment vehicle, third-party investor that does not pay Advisory Fees, (ii) fees or expenses borne by a Fund directly, (iii) any amounts paid by a holding company to its management team, and (iv) any amounts paid by a former portfolio company, such as directors' fees a former portfolio company pays an Adviser professional who remains on the company's board of directors following the Fund's disposition of its investment in the company.

The Adviser and its affiliates also engage and retain advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. Such payments or allocations can include, cash fees, transaction fees, profits or equity interests in a portfolio company, or other compensation. In such circumstances, no such amounts will be deemed paid to or received by the Adviser or its affiliates and such amounts will not be subject to the sharing arrangements with the Funds described above.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the Fund, and are set forth in the Fund's Advisory Agreement and/or organizational and operational documents. Except as provided in the applicable Advisory Agreement or Fund organizational and operational document, the Advisory Fees and other fees and distributions described above are generally subject to waiver or reduction by the Adviser only in its sole discretion, whether voluntarily or on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ from one Fund to another, as well as among investors in the same Fund. In addition, the Adviser may enter into economic and/or other fee sharing arrangements with respect to one or more Funds and/or certain investors thereof, the rights of which will generally not be made available to other investors. For example, the Adviser may offer a discount for investors participating in a Fund's initial closing, or investors that make a certain minimum level of capital commitment.

Advisory Fees, if paid by a Fund, are deducted from the assets of the Fund, or may be called as capital from Fund investors, in each case on a quarterly basis in advance.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a pro rated basis, based on the time elapsed in the applicable fee period, except to the extent otherwise requested by certain investors.

The Adviser expects to waive or reduce all or a portion of any Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and/or certain employees and affiliates of the Adviser to invest in or alongside such Fund, which could result in acceleration of investor capital contributions. Waived or reduced Advisory Fees may not be subject to various offsets or the reductions described above. In addition, depending on the organizational documents of the applicable Fund, investors for whom the Advisory Fee has been waived may or may not benefit from any accrued offsets and reductions to the extent such amounts are not distributed to investors upon liquidation of the relevant Fund.

To the extent provided in the Advisory Agreements, partnership agreements, and other organizational and operational documents of the Funds, and except as described below as a "Fund Expense", the Adviser will pay out of Advisory Fees (if charged) certain operating expenses and costs associated with the performance of its services, including expenses on account of rent, utilities, office supplies, office equipment, the compensation and expenses of certain of its officers, partners, directors, and employees (other than Carried Interest described in Item 6 below) and other normal and routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds.

Each Fund generally will bear all other expenses relating to it or its subsidiaries' activities, business, portfolio companies, or actual or potential investments, to the extent not reimbursed by its portfolio companies (as discussed above), including, but not limited to: (i) all fees, costs, expenses, liabilities and obligations attributable to identifying, investigating, structuring, sourcing, organizing, acquiring, financing, refinancing, restructuring, managing, monitoring, operating, holding, taking public or private, valuing, winding up, liquidating, dissolving and disposing of the

Fund's investments (including follow-on investments, investments that may have been offered to co-investors and refinancings); (ii) expenses related to indebtedness of, or guarantees made by, the Fund, the Adviser, or a General Partner or an affiliate on behalf of the Fund (including any credit facility, letter of credit or similar credit support), including expenses in connection therewith and interest with respect thereto as well as any expenses incurred in seeking to put in place any such indebtedness or guarantee; (iii) legal, accounting, auditing, consulting (including consulting and retainer fees paid to consultants performing investment initiatives and other similar consultants, consulting fees incurred by the applicable Fund for the benefit of its portfolio company, and any research or other service that may be deemed to be bundled for the benefit of such Fund, as well as the information technology systems used to obtain such research and other information), tax preparation, preliminary deal sourcing and market research in connection with pursuing investment opportunities that the Adviser believes may be beneficial to the Fund, printing, investment banking, commitment fees, software (including accounting, treasury management, tax preparation, reporting, administration, research, and similar software), research (including consultations with industry experts and data and information service subscriptions), financing, real estate title, appraisal, third-party valuations, regulatory, compliance, administrative filing and other fees and expenses (including expenses associated with the preparation and maintenance of the Fund's books and records, financial statements, capital accounts, tax returns and Schedule K-1s, tax estimates and filings, and third party service fees related to the foregoing, including expenses of third-party administration firms), travel (including for corporate, chartered, or first class commercial air travel, and private ground transportation, meals, lodging and accommodations), brokerage and finders' fees, custody, transfer, registration, depository (including a depository appointed pursuant to applicable law), insurance premiums (including director and officer or general partner liability insurance and insurance of which the Adviser and its affiliates are beneficiaries), interest, and other similar fees and expenses; (iv) administration and similar services (including legal entity management, execution and recordkeeping, investor account maintenance, investor reporting (including expenses relating to preparing, printing and distributing investor reports physically or electronically, and for electronic distribution, the software used to electronically distribute such reports), accounts payable and billing, investor diligence, and data collection and management, and maintaining the books and records of a Fund, including any related internal costs that the Adviser may incur to produce any such books and records or external costs for a third-party administrator to maintain and oversee a Fund's books and records); (v) expenses related to allowing the Fund, the related General Partner or their affiliates to comply with non-U.S. and U.S. federal, local and state laws and regulations during the term of the applicable Fund (including expenses incurred to comply with the requirements of the AIFMD, as implemented in any relevant jurisdiction (and including any secondary legislation, rules and/or associated guidance) and any related requirements), other than as incurred to register and maintain the registration of the Adviser as an investment adviser under the Advisers Act); (vi) expenses related to transactions not consummated (including, accounting, auditing, insurance, consulting (including consulting and retainer fees paid to any consultants performing investment initiatives and other similar consultants), travel, advisory, agency, brokerage, finders', financing, appraisal, syndication, filing, printing, real estate title, survey, reverse breakup, termination, entity formation, legal (including legal expenses incurred in connection with claims or disputes related to such unconsummated investments), and other fees and expenses) generated in the course of evaluating and making proposed investments, as well as sourcing add-on acquisitions for existing portfolio companies (including investments for which the Adviser had selected any applicable

Fund as a proposed investor but that are not consummated as well as expenses relating to transactions that have been syndicated or offered to but not taken by co-investors, or for which a syndication or co-investment was believed necessary in order to consummate such transaction) (“Broken Deal Expenses”); (vii) expenses of the Fund’s advisory boards and annual meetings of the limited partners (in each case including the costs related to set-up, speaker fees, honorarium, dining, entertainment, and travel expenses), as well as other advisory board expenses (including legal counsel, accountants, auditors, financial advisors or other advisors or experts retained to assist the advisory board); (viii) expenses for sponsored conferences for the CEOs, CFOs, and other management and executive personnel of the Fund’s portfolio companies based on the portfolio companies participating (in each case including the costs related to set-up, speaker fees, honorarium, dining, entertainment, and travel expenses); (ix) fees, costs and expenses related to the organization, maintenance, or dissolution of any intermediary entity used to acquire, hold or dispose of an investment or to otherwise facilitate a Fund’s investment activities; (x) expenses associated with the Fund’s compliance with applicable laws and regulations, including regulatory filings as they relate to the Fund’s activities, out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of the Fund or the Adviser that are attributable to the operation of such Fund or requested by one or more investors in the Fund; (xi) taxes, fees and other governmental charges levied against the Fund and expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund; (xii) expenses incurred in connection with the termination, liquidation, winding up or dissolution of the Fund; (xiii) expenses incurred in connection with amendments to the constituent documents of the Fund; (xiv) expenses incurred in connection with complying with provisions of investor side letter agreements, including “most favored nation” provisions; (xv) the costs associated with any amendments, modifications, revisions or restatements to the governing documents of the Fund; (xvi) and other expenses associated with the holding, monitoring and disposition of the Funds’ investments, including extraordinary expenses (such as litigation and arbitration, if any) and taxes, fees or other governmental charges levied against the Funds. The Funds also generally bear their organizational and offering expenses.

In addition, the Adviser and its affiliates have discretion to (i) receive performance-based compensation, Advisory Fees or similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are the subject to co-investment arrangements.

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by the Adviser, a Fund, a portfolio company, co-investors and/or a third party (each, an “Allocable Party”) and if so, how such fees, costs and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party or, fees, costs and expenses may be allocated among multiple Allocable Parties. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

The manner in which certain fees, costs and expenses will be allocated between a Fund, a Co-Investment Vehicle and the Adviser is summarized in the Advisory Agreement and/or the organizational and operational documents of such Fund or Co-Investment Vehicle, as well as the Adviser’s policies and procedures. To the extent not addressed in the organizational documents

of a Fund or Co-Investment Vehicle, the Adviser will make any such expense allocations in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of a Fund, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, capital invested over a relevant time period, assets under management of the Allocable Parties, the relative benefit received by an Allocable Party, or such other equitable method as determined by the Adviser in its sole discretion). The Adviser will make any corrective allocations and take any mitigating steps if it determines in its sole discretion such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not necessarily reflect the relative benefit derived by such Fund from that service in any particular instance. The manner in which such expenses are allocated involves inherent matters of discretion (e.g., in determining whether to allocate pro rata based on number of Funds or Co-Invest Vehicles receiving related benefits, proportionately in accordance with the amount of assets held, or in some other manner). The Funds have different expense reimbursement terms, including with respect to Advisory Fee offsets, which will result in the Funds bearing different levels of expenses with respect to the same investment.

In addition, there will be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to the organizational and offering documents of a Fund, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties. Further, while highly unlikely, it is possible that one of the Allocable Parties could default on its obligations to reimburse the paying Allocable Party.

Advisory Fees are not typically reduced by amounts received by the Adviser from a Fund portfolio company for services provided to the portfolio company in the ordinary course of business. However, Other Fees received from a portfolio company in connection with a Fund's investment therein will reduce the Advisory Fees to the extent specified in the relevant Fund's organizational documents.

The Adviser, from time to time, enters into arrangements with third-party advisers and consultants who provide services relating to deal-sourcing and investment opportunities, for which such advisers and consultants are paid compensation or other fees and/or are reimbursed for certain expenses. Such fees and expenses associated with such services (such as finder's fees) will be allocated to the applicable Fund(s), consistent with the allocation process described above. Certain individuals engaged to perform such deal-sourcing services may be retained by the acquired portfolio company, including in an executive capacity or as a consultant for such company.

Additionally, please see Item 6 below regarding "Carried Interest" that Funds will pay.

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds or their portfolio companies, when a broker is used in connection with an investment by a Fund, such Fund will incur brokerage and other transaction costs. Where a broker-dealer is used in connection with a particular portfolio company's follow-on acquisitions,

the applicable portfolio company will incur the related brokerage and transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

Item 6. Performance-Based Fees and Side-By-Side Management

With respect to certain Funds, a portion of the profits of the Fund is allocated to the capital account of its General Partner as “carried interest” (the “Carried Interest”). Each General Partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and investors in such Funds may incur lower or no Carried Interest.

Incentive fees may cause the Adviser to favor or recommend investments that are riskier than investments that would have been recommended without an incentive fee. In addition, the payment by some, but not all, Funds of Carried Interest, or the timing of payments of Carried Interest paid at the same percentage rate, may create an incentive for the Adviser (an affiliate of each General Partner) to disproportionately allocate time, services, or functions to Funds paying Carried Interest (or paying at a higher effective rate), or to allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated, at least in part, by (a) provisions restricting the Adviser and its principals from establishing a new investment fund with objectives substantially similar to those of the applicable Fund until the earlier of (i) the end of the Fund’s investment period or (ii) such time as the applicable Fund is invested or committed beyond a percentage set forth in the organizational documents of such Fund (including amounts reserved for follow-on investments and reasonably anticipated expenses and liabilities or reserves of the applicable Fund) and/or (b) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously. Additionally, the Adviser periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below, for additional information regarding how conflicts of interest are generally addressed by the Adviser.

Item 7. Types of Clients

The Adviser currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partner of each Fund, if applicable) and not individually to investors in the Funds.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act (or, in the case of certain Co-Investment Vehicles, generally to “accredited investors” as defined in the Securities Act of 1933), and include, among others, pension and profit sharing plans, university endowments, corporations, high net worth individuals, banks, thrift institutions, trusts, estates, charitable organizations, limited partnerships, and limited liability companies or other entities. In the case of certain Co-Investment Vehicles, the investors will include personnel of the Adviser and related trusts and other entities established for estate planning purposes, as well as service providers of the Adviser or portfolio companies.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments will be established for investors in the Funds. The General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

Item 8. Methods of Analysis, Investment Strategies and Risk of Loss

Methods of Analysis and Investment Strategies

The Adviser's investment strategy may vary somewhat from Fund to Fund, but, generally, the Adviser seeks to invest in control leveraged transactions of lower middle market companies (typically platform companies with revenue between \$50 million and \$200 million). The Adviser's strategy is to acquire lower middle-market companies and to build and improve them until they can be sold at attractive multiples of higher levels of earnings. The Adviser generally focuses on companies that present opportunities to "Buy & Build" a scale platform through add-on acquisitions and launching new operations, implementing revenue initiatives and operational improvements, and professionalizing the business. The Adviser seeks to invest in growing, niche market leaders whose management teams seek an experienced, strategic partner to help the company succeed in achieving its next stage of growth.

Risks

Investing in securities involves a substantial degree of risk. A Fund may lose all or a substantial portion of its investments and Fund investors must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to one or more of the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following, each of which is described in more detail in the applicable Fund's offering documents:

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

Key-Person Risk. The Funds are dependent on the expertise of senior professionals employed by the Adviser. The unavailability of our investment professionals could impact the sourcing and structuring of potential transactions and thus adversely affect the rates of return generated by each Fund. The Adviser is also subject to the risk that it may lose the services of key personnel, and it may be difficult or disruptive to replace the experience of key personnel and the relationships developed by such personnel with other professionals and financial institutions. The Adviser anticipates being able to continue hiring top quality investment professionals, which in turn, should mitigate the risks associated with the loss of investment professionals on the performance of a Fund.

Future and Past Performance. The performance of the Adviser's senior investment professionals' and the Advisers' prior investments is not necessarily indicative of a Fund's future results. While the Adviser intends to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

Long-Term Investments. It is uncertain as to when profits, if any, will be realized by the Funds. 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 or refinancing 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, and the Funds' investments are generally expected to be illiquid. Furthermore, the expenses of operating a Fund (including Advisory Fees) may exceed its income, thereby requiring that the difference be paid from such Fund's capital, including unfunded capital commitments.

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

Concentration of Investments. A Fund will participate in a limited number of investments and the Adviser may seek to make several investments in one industry or one industry segment. As a result, each Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or an industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may be invested in fewer portfolio companies and thus be less diversified. Due to such concentration, a Fund's portfolio may be subject to larger and more rapid changes in value.

Lack of Sufficient Investment Opportunities. The business of identifying and structuring private equity or debt transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. A Fund will be competing with other private investment vehicles, as well as individuals, financial institutions, and other institutional investors.

Dynamic Investment Strategy. While the Adviser generally intends to seek attractive returns for a Fund primarily through making control-oriented, private equity investments or, for certain funds, through debt investments in portfolio companies, as described herein, the Adviser may pursue additional investment strategies and may modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate. The Adviser may pursue investments outside of the industries and sectors in which the senior investment professionals have previously made investments or have internal operational experience.

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected

that this will not occur for a number of years after the initial investment. A Fund may continue to hold illiquid investments at the end of the Fund's scheduled term, which could require such term to be extended. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Advisory Fee payable to the Adviser) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

Leveraged Investments. Each Fund expects to make use of leverage by incurring or having portfolio companies incur debt to finance a portion of a Fund's investment in portfolio companies. Leverage generally magnifies both the opportunities for gain and the risk of loss from a particular investment. The cost and availability of leverage is dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by a Fund will also result in interest expense and other costs to a Fund that may not be covered by distributions made to the Fund or appreciation of its investments. The use of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. In addition, this leverage could accelerate and magnify declines in the value of a Fund's investments in the leveraged portfolio companies in a down market.

In the event any portfolio company cannot generate adequate cash flow to meet debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of a Fund. Furthermore, should the credit markets be tight at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency.

A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt). A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by a Fund's General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Furthermore, each Fund expects to use credit facilities for the purchase or implementation of certain investments or for other portfolio management purposes. Should such credit facilities be utilized, a Fund would incur additional interest and other expenses with respect to such facilities. Any such credit facility provider that permits a Fund to borrow may accept Fund assets as collateral for such credit facility and may be permitted to require the sale or liquidation of Fund assets held by it as collateral, after default by the Fund pursuant to the agreement with such credit facility provider. Events of default under any such credit facility may include, among other things, failure to pay amounts due under such credit facility, failure to inform the credit facility provider of certain events with respect to a Fund, failure to provide the credit facility provider with certain periodic reports and financial statements, breach by the Fund of other representations and covenants contained in credit facility documentation and other similar terms. In such instances, the credit facility provider may take any such action without notice to the Fund or its General Partner. If any

such credit facility provider were to require the Fund to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of the Fund and have adverse tax and economic effects on the Fund.

Restricted Nature of Investment Positions. Generally, there will be no readily available market for a Fund's investments and therefore, most of a Fund's investments will be difficult to value.

Highly Competitive Market for Investment Opportunities. The Funds' face considerable competition in the private equity market. If a Fund is unable to identify and consummate a sufficient number of private equity investments, the Fund will likely not have enough attractive investment opportunities to achieve its investment objectives. The business of identifying and structuring equity transactions is highly competitive and involves a high degree of uncertainty. The Funds will be competing for investments with other private investment vehicles, as well as individuals, financial institutions, and other institutional investors. In addition, companies seeking an infusion of capital may choose to draw upon the public debt or equity markets instead of issuing privately placed securities. Financial reforms are also being considered in various jurisdictions that could increase the ability of banking and similar institutions to offer financing alternatives in competition with the Funds. It is possible that a Fund will never be fully invested if the Fund is unable to consummate a sufficient number of investments.

Market and Interest Rate Fluctuations. A portion of the Funds' returns will be derived from the realization of capital gains that will depend in part upon the market conditions at that time. The condition of the public and private financial markets, as well as the general economic climate, may have an adverse impact on investment value and therefore a Fund's ability to generate favorable returns on investment. General fluctuations in the market prices of securities and interest rates may affect the Fund's investment opportunities and the value of the Fund's investments.

Price movements of instruments in which the Funds will invest are influenced by, among other things, interest rates, changing supply and demand relationships, trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments intervene, directly and by regulation, in certain markets. Such intervention is often intended to influence prices directly and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations.

Credit and Interest Rate Risks of Debt Securities. Debt portfolios are subject to credit and interest rate risk. "Credit risk" refers to the likelihood that an issuer will default in the payment of principal and/or interest on an instrument. Financial strength and solvency of an issuer are the primary factors influencing credit risk. In addition, subordination, lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an instrument and securities which are rated by rating agencies are often reviewed and may be subject to downgrade.

It is possible that the issuer of a note or other instrument in which a Fund invests may default on its debts, in which case the Fund may lose most or all of its investment in that instrument, subjecting the Fund to significant loss. A significant downturn in the economy or a particular economic sector could have a significant impact on the business prospects of the companies to

which a Fund is exposed, whether directly or indirectly. Such developments may adversely affect the ability of such borrowers to comply with their loan repayment obligations.

“Interest rate risk” refers to the risk associated with market changes in interest rates. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate debt instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other factors). Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules.

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

LIBOR Replacement and Other Reference Rates Risk. The Funds’ payment obligations, financing terms and investments in debt securities and derivatives may be tied to floating rates, such as the London Interbank Offered Rate (“LIBOR”). LIBOR is the offered rate for short-term Eurodollar deposits between major international banks. In 2017, the UK Financial Conduct Authority (“FCA”) announced the FCA’s intention to cease compelling banks to provide the quotations needed to sustain LIBOR from the end of 2021. On March 5, 2021, the FCA and LIBOR’s administrator, ICE Benchmark Administration (IBA), announced that most LIBOR settings will no longer be published after the end of 2021 and a majority of U.S. dollar LIBOR settings will no longer be published after June 30, 2023. It is possible that the FCA may compel the IBA to publish a subset of LIBOR settings after these dates on a “synthetic” basis, but any such publications would be considered non-representative of the underlying market. Actions by regulators have resulted in the establishment of alternative reference rates to LIBOR in most major currencies. Various financial industry groups have been planning for transition away from LIBOR, but there are

obstacles to converting certain securities and transactions to new reference rates. Markets are developing slowly and questions around liquidity in these rates and how to appropriately adjust these rates to mitigate any economic value transfer at the time of transition remain a significant concern. It is difficult to predict the full impact of the transition away from LIBOR on the Funds. The transition process may involve, among other things, increased volatility or illiquidity in markets for instruments that currently rely on LIBOR. The transition may also result in a reduction in the value of certain LIBOR-based investments held by the Funds or reduce the effectiveness of related transactions such as hedges. Any such effects of the transition away from LIBOR, as well as other unforeseen effects, could adversely impact the performance of the Funds. Since the usefulness of LIBOR as a benchmark could also deteriorate during the transition period, effects could occur prior to the end of 2021.

Investments in Equity Securities. The Funds will hold equity securities and certain Fund could, from time to time, hold derivatives. Such equity securities and derivatives may take various forms, including, but not limited to, common stock, preferred stock, warrants, profit participation rights, convertible securities, equity options and other equity or hybrid equity securities. Equity securities generally represent the most junior position in an issuer's capital structure and, as such, generally entitle holders to an interest in the assets of the issuer, if any, remaining after all more senior claims to such assets have been satisfied. Holders of common stock generally are entitled to dividends only if and to the extent declared by the directors of the issuer, out of the issuer's income or other assets available, if any, after making interest, dividend and any other required payments on more senior securities of the issuer. Convertible securities generally offer lower interest or dividend yields than non-convertible securities of similar quality. In the event of a liquidation of the issuing company, holders of convertible securities would be paid after the company's creditors but before the company's common stockholders. Consequently, the issuer's convertible securities generally may be viewed as having more risk than its debt securities, but less risk than its common stock. In general, options, warrants, stock purchase rights and other similar instruments are securities or instruments granting the right to or otherwise permitting, but not obligating, their holders to subscribe for equity securities, and they do not represent any rights in the assets of the issuer. As a result, options, warrants, stock purchase rights and other similar securities or instruments may be considered more speculative than other types of equity investments.

Risks Associated with Preferred Equity Investments. Certain Funds are expected to invest in preferred equity interests. There are special risks associated with investing in preferred equity, including: (i) generally, preferred equity may be substantially less liquid than many other securities and preferred equity securities holders have no voting rights respect to the issuer; (ii) preferred equity may include provisions that permit the issuer, at its discretion, to defer distributions for a stated period without any adverse consequences to the issuer; (iii) if a Fund owns a preferred security that is deferring its distributions, the Fund may be required to report income for tax purposes before it receives such distributions; (iv) preferred equity is subordinated to debt in terms of priority to income and liquidation payments, and therefore will be subject to greater credit risk than debt; and (v) preferred equity may be substantially less liquid than many other securities, such as common stock or U.S. government securities.

Direct Lending. Certain Funds intend to seek to make loans. In making loans, a Fund will invest alongside third-party lenders that are competing with a broad spectrum of lenders. Increased competition for, or a diminution in the available supply of, qualifying loans may result in lower

yields on such loans, which could reduce returns to a Fund. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies, particularly companies experiencing significant business and financial difficulties is unusually high. Neither the General Partners nor the Adviser will attempt to evaluate the value of the assets collateralizing these loans or the prospects for successful repayment or a successful reorganization or similar action and there is no assurance that the third-party lenders the Fund invests alongside will conduct this analysis with the skill and competence necessary to ensure the Fund's investments produce favorable returns.

In addition, directly making loans alongside third-party lenders involves a number of particular risks that may not exist in the case of secondary debt purchases, including (i) the General Partners and/or the Adviser will generally have to rely on the resources and skill of the third-party lenders to conduct due diligence of the borrower, which will likely be more limited than the diligence conducted for a broadly syndicated transaction involving an underwriter, and (ii) the borrowers may in some circumstances be higher credit risks who could not obtain debt financing in the syndicated markets.

In addition to the above, making loans to private and middle-market companies involves risks that may not exist in the case of large, more established and/or publicly-traded companies, including:

- These companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors, such as a Fund, dependent on any guarantees or collateral that they may have obtained;
- These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render such companies more vulnerable to competition and market conditions, as well as general economic downturns;
- These companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations; and
- These companies may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding indebtedness upon maturity.

Prepayment Risk. Loans are generally pre-payable in whole or in part at any time at the option of the issuer at par plus accrued and unpaid interest thereon, and occasionally plus a prepayment premium. Prepayments on loans may be caused by a variety of factors which are often difficult to predict. When credit market conditions become more attractive to issuers, the rate of prepayment of a Fund's portfolio investments would be expected to increase as issuers refinance to take advantage of such improved conditions, which may negatively impact the Fund. Additionally, a Fund may be unable to reinvest any prepaid loan amounts into other similarly situated investment opportunities or at all. As a Fund and its investment team will not take part in the negotiation of the terms of its loans, including the prepayment terms thereof, there can be no assurance that the

Fund will be adequately protected in the event a portfolio company elects to pre-pay all or a portion of a loan made by the Fund.

Refinancing Risk. A significant portion of certain Funds' portfolio investments are expected to consist of loans for which most or all of the principal is due at maturity. The ability of the company to make such a large payment upon maturity typically depends upon its ability to refinance the loan prior to maturity. The ability of a company to consummate a refinancing will be affected by many factors, including the availability of financing at acceptable rates to such company, the financial condition of such company, the marketability of the collateral (if any) securing such loan, the operating history of the company and related businesses, tax laws and prevailing general economic conditions.

Significant numbers of companies are expected to need to refinance their debt over the next few years, and significant numbers of collateralized loan obligation transactions (historically an important source of funding for loans) have reached or are close to reaching the end of their reinvestment periods or the final maturities of their own debt. As a result, there could be significant pressure on the ability of companies to refinance their debt over the next few years unless a significant volume of new collateralized loan obligation transactions or other sources of funding develop. If such sources of funding do not develop, significant defaults in a Fund's portfolio investments could occur, and there could be downward pressure on the prices and markets for debt instruments, including assets held by the Fund.

A Fund may hold a controlling interest in all or substantially all of its portfolio companies. Accordingly, a Fund will determine whether, when and on what terms such portfolio companies will refinance their debt. In making these determinations, a Fund will consider its own interests, and not the interests of its limited partners. A Fund may cause portfolio companies to refinance their debt in a manner that is unfavorable to its limited partners.

Covenant-Lite Loans. Some of certain Funds' investments are unlikely to have maintenance financial covenants in the related loan documentation ("Covenant-Lite Loans"). An investment in a Covenant-Lite Loan may potentially hinder the ability to re-price credit risk associated with a portfolio company's performance and reduce the creditors' ability to restructure a non-performing loan and mitigate potential loss. As a result, a Fund's exposure to losses may be increased, which could result in an adverse impact on the Fund's return to its limited partners.

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

will likely continue to be, significantly impacted by recent legislative changes, and various U.S. federal, state or local or non-U.S. legislative proposals related to such industry (and similarly regulated industries) are introduced from time to time, which, if adopted, could have a significant impact on such industry (and similarly regulated industries) in general and/or on companies in which the Fund may invest.

Uncertain Exit Strategies. Although certain Funds will typically invest with the intention of holding a loan to maturity, such Funds will generally dispose of such investments at substantially the same time as the third-party lenders the Funds invests alongside, and, in some cases, this may be earlier than the maturity date. However, due to the illiquid nature of some of the positions in which a Fund is expected to acquire, the Adviser is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political or other factors.

Reliance on the Adviser and Portfolio Company Management. A Fund's future profitability will depend largely upon the business and investment acumen of its senior investment professionals. The loss or reduction of service of one or more of those professionals could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Fund's senior investment professionals currently, and are expected to in the future, manage other investment funds besides the Fund and those professionals may need to devote substantial amounts of their time to the investment activities of such other funds, which would pose conflicts of interest in the allocation of their time. Although the Adviser will monitor the performance of each Fund 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 Adviser generally intends to invest each Fund in companies with experienced management or to recruit experienced management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with such Fund's objectives.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's or the Adviser's activities, including the ability of a Fund effectively and in a timely manner address such regulations, implement operating improvements, or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various market commentators and the public perception that certain alternative asset managers, including private equity firms, contributed to recent downturns in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in structuring, completing, or exiting investments than it otherwise would have. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as the Funds (including Carried Interest allocated to the Fund's General Partner) as ordinary income for U.S. federal income tax purposes. Under current law such income is treated as an allocation of the partnership's income, which may be taxed at lower rates

than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the principals, employees or other individuals associated with a Fund or the Fund's General Partners who were or may in the future be granted direct or indirect interests in the General Partner of a Fund entitling such persons to benefit from Carried Interest at lower tax rates. This may reduce such persons' after-tax returns from a Fund and its General Partner, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund.

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

Non-U.S. Investments. A Fund expects to invest in portfolio 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 risks 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 Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or its Partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or its Partners. Additional risks of non-U.S. investments include: (a) 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) government 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.

General Partner's Carried Interest. The fact that a Fund's General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause a Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Public Company Holdings. A Fund's investment portfolio may contain securities issued by publicly held companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such

securities at certain times, increased likelihood of shareholder litigation against such companies' board members, including those affiliated with the Adviser, and increased costs associated with each of the aforementioned risks.

Director Liability. A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, 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 the Fund's investment activities.

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. A climate of uncertainty may reduce the availability of potential investment opportunities and increased the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its 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 Fund and result in longer holding periods for investments. Furthermore, such uncertainty or a general economic downturn may have an adverse effect upon a Fund's portfolio companies.

Non-Controlling Investments. A Fund may hold non-controlling interests in portfolio companies and, therefore, the Adviser may have a limited ability to protect the Fund's position in such portfolio companies and to influence such companies' management. However, the Adviser generally will seek significant minority protections and governance rights in respect of such non-control investments. Certain of these positions may be minority positions in companies for which the Fund has no right to appoint a director or otherwise exert significant influence or protect its position. In such cases, the Fund will rely significantly on the management teams and boards of directors of such companies, which may include representation by other parties whose interests may conflict with the interests of the Fund. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio holdings are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Valuation of Assets. There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology it determines to be appropriate based on accounting guidance and the applicable nature, facts, and circumstances of the respective investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the

Adviser. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. Third-party pricing information, including valuations of comparable companies, will be limited regarding most of each Fund's assets. The exercise of discretion in valuation by the Adviser will give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of Carried Interest and the calculation of Advisory Fees.

Cybersecurity Risk. The Adviser, the Funds' service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. The information technology and communications systems of the Adviser, the Funds and/or their respective affiliates (including the Fund's portfolio companies) may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events (including fires, tornadoes, floods, hurricanes and earthquakes), that could adversely affect the Funds and their investors. Although the Adviser and its affiliates have implemented various measures designed to manage risks relating to these types of events, such risks may be beyond the control or ability of the Adviser and its affiliates to manage, and if such a system is compromised, becomes inoperable for an extended period of time or ceases to function properly, the Adviser, the General Partners, the Funds and/or portfolio companies may be required to spend time and/or incur expenses seeking to fix or replace such system or otherwise remedy the effects of such issues. The failure of such a system and/or disaster recovery plan may cause significant interruptions in the operations of the Adviser, the Funds and/or investors and may result in a failure to maintain the security, confidentiality or privacy of sensitive data (including information relating to limited partners and/or the beneficial owners of limited partners, prospective Fund investments and/or portfolio company performance, follow-on investments and/or exits). For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, the Funds' service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Adviser's systems to disclose sensitive information in order to gain access to the Adviser's data or that of the Funds' investors. A successful penetration or circumvention of the security of the Adviser's systems by unauthorized third parties could result in the loss or theft of an investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause harm to the reputation of the Adviser, Funds, General Partners, a portfolio company, limited partners, or a beneficial owner of a limited partner, subject such person(s) to legal claims, regulatory penalties, additional compliance costs or financial loss, or otherwise affect the business and financial performance of such person(s). In addition, the Adviser may incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, or adverse investor reaction or litigation.

Similar types of operational and technology risks are also present for the companies in which the Funds invests, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Hedging. Although it is generally not expected, a Fund may utilize a variety of financial instruments, such as derivatives, options, interest rate swaps, currency hedging, caps and floors, futures, and forward contracts, both for investment purposes and for risk management purposes. While a Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance and increased (rather than reduced) risk for the Fund than if it had not engaged in any such hedging transactions. Moreover, it should be noted that a Fund's investment portfolio will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties). It is not possible to hedge fully or perfectly against any risk, and a hedged transaction might nevertheless produce a net loss. In addition, hedges entail their own costs and may be more difficult to implement than many other transactions, and possibilities for errors may be greater than for other transactions. The Adviser may choose for a Fund not to enter into hedging transactions with respect to some or all of the Fund's positions.

Debt Regulation. As a result of its investment activities, it is possible that certain Funds could be deemed to be engaged in the origination of debt securities for purposes of the applicable laws in jurisdictions in which such activities take place. Such laws are frequently highly complex and may include licensing requirements. The licensing processes can be lengthy and can be expected to subject a debt originator to increased regulatory oversight. In some instances, the process for obtaining a required license or exception certificate may require disclosure to regulators or to the public of information about a Fund, its direct or indirect investors, its loans, its business activities, its management or controlling persons or other matters. Such disclosures may provide competitors with information that allows them to benefit at the expense of a Fund, which could have a material adverse effect on a Fund. Failure, even if unintentional, to comply fully with applicable laws may result in sanctions, fines, or limitations on the ability of a Fund, its General Partner, the Adviser or affiliates of the foregoing to do business in the relevant jurisdiction or to procure required licenses in other jurisdictions, all of which could have a material adverse effect on the Fund.

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

Global Events Global events, such as the global outbreak of the 2019 novel coronavirus (Covid-19), together with resulting restrictions on travel and quarantines imposed, have and are likely in the future to continue to disrupt the global economy and markets. Such events have, and in the future are likely to contribute to market volatility and are also likely to lead to an economic slowdown given the disruption to supply chains across sectors and industries worldwide, which may reduce private equity activity more generally and materially and adversely affect a Fund and

its portfolio companies. Such events may also adversely affect a Fund's ability to dispose of its investments, as buyers retrench from pursuing investment opportunities due to the prolonged economic uncertainty. The applicability, or lack thereof, of force majeure provisions could also come into question in connection with contracts that a Fund and its portfolio companies have entered into, which could ultimately work to their detriment. To the extent an epidemic or similar global event is present in jurisdictions in which the Adviser has offices or other operations or investments, it could affect the ability of the Adviser to operate effectively, including the ability of personnel to function, communicate and travel to the extent necessary to carry out a Fund's investment strategies and objectives.

In addition, the Adviser's personnel and the personnel of critical service providers to the Adviser or a Fund may be directly impacted by the spread of epidemics or similar negative events, both through direct exposure (the likelihood of which can increase due to the frequency of travel) and exposure to family members, which could impair the Adviser's ability to satisfy its obligations to a Fund, its investors, and pursuant to applicable law. Ill health or similar negative events with respect to the Adviser's personnel has the potential to significantly affect the Adviser's ability to oversee the affairs of a Fund (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), resulting in the possibility of temporary or permanent suspension of a Fund's investment activities or operations. The full effects, duration and costs of these events are impossible to predict, and the circumstances surrounding these events will continue to evolve.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

The Adviser is affiliated with other related investment advisers registered with the SEC under the Advisers Act, pursuant to the Adviser's registration in accordance with SEC guidance. These advisers consist of the entities listed in Section 7.A of Schedule D of the Adviser's Form ADV Part 1A. These affiliated investment advisers operate as a single advisory business together with the Adviser and serve as managers or General Partners of Funds and other pooled vehicles (and accounts) and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

Affiliated Advisers

The Adviser currently has affiliated advisers, including Audax Management Company (NY), LLC ("AMC (NY)"). AMC (NY) provides investment supervisory services to (i) investment vehicles that are exempt from registration under the 1940 Act and whose securities are not registered under the Securities Act, (ii) a BDC regulated under the 1940 Act, whose securities are not registered under the 1933 Act, and (iii) other institutional clients in separately managed accounts. AMC (NY) provides investment advice principally regarding senior and subordinated debt securities and other junior securities of middle market companies.

The Funds may from time to time participate in transactions alongside clients of AMC NY. For a description of material conflicts of interest created by the relationship among the Adviser and AMC NY, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to all of its members, principals, officers, and employees, as well as to certain officers, principals and employees of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act and Rule 17j-1 under the 1940 Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon request to: compliance@audaxgroup.com.

Participation or Interest in Client Transactions

Certain employees and affiliates of the Adviser are expected to invest in the Funds, either through the General Partners, as direct investors in Funds that also include third-party investors, via separate Co-Investment Vehicles, or otherwise. A Fund or its General Partner, as applicable, expects to reduce all or a portion of the Advisory Fee and/or Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of a limited partner’s interests in a secondary transaction) or a Portfolio Co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or limited partners.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own accounts and for the accounts of other investment funds, and providing transaction-related, investment advisory, management, and other services to funds and operating companies. In the ordinary course of conducting the Adviser's activities, the interests of a Fund may conflict with the interests of the Adviser, other Funds (including Co-Investment Vehicles), or their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser will, from time to time, establish certain investment vehicles through which certain employees, business associates, its affiliates, affiliates' personnel, other "friends of the firm," or other persons (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) invest alongside one or more Funds in one or more investment opportunities. Such vehicles, referred to herein as "Co-Investment Vehicles," will in certain circumstances be contractually required, as a condition of investment, to purchase and exit their investments in certain investment opportunities at substantially the same time and on substantially the same terms as the applicable Fund that is invested in that investment opportunity. Co-Investment Vehicles do not generally pay investment Advisory Fees or Carried Interest.

Resolution of Conflicts

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- Many important conflicts of interest involving the Funds will be resolved by set procedures, restrictions, or other provisions contained in their organizational documents;
- Generally, each Fund has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser; the advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest; on any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- The Adviser has adopted and implemented policies and procedures designed to reduce certain conflicts of interest (such as, conflicts screening, ethical "walls," and information barriers to mitigate conflicts of interest arising from the activities of certain business units

and funds advised by AMC (NY); policies and procedures governing the allocation of expenses, and the fair allocation of investment opportunities; gifts, political contributions, and outside business activity disclosure policies; and policies and procedures addressing cross-trades and principal transactions);

- Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In certain instances, some of these conflicts of interest are expected to be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives. While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions.

Conflicts

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

Allocation of Investment Opportunities Among Funds

In connection with its investment activities, the Adviser encounters situations in which it must determine how to allocate investment opportunities among various clients and other persons, which include, but are not limited to, the following:

- The Funds and funds advised by the Adviser's affiliates, which may include funds organized as parallel investment entities that have been formed to invest side-by-side with one or more of the Funds (either in all transactions entered into by such Funds or in a limited subset of such investments) as well as Funds formed for investments by certain professionals employed by the Adviser;
- Any Co-Investment Vehicles that have been formed to invest side-by-side with one or more other Funds in all, or particular transactions entered into by such Funds (the investors in such Co-Investment Vehicles may include individuals and entities that are also investors in one or more Funds ("Adviser Investors") and/or individuals and entities that are not investors in any Funds ("Third Parties"));
- Adviser Investors and/or Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds; and
- Adviser Investors and/or Third Parties acting as "co-sponsors" with the Adviser with respect to a particular transaction.

In recognition of its fiduciary duties, it is the policy of the Adviser to treat Funds fairly and equitably in the allocation of investment opportunities over time and in transactions more generally. The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities and will make allocation determinations consistently therewith.

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”). Investment Allocation Requirements are generally set forth in a Fund’s limited partnership agreement. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds and/or other parties are eligible to participate in an investment opportunity. The Adviser assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund’s investment objectives, strategies, and structure. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund. Possible restrictions include, but are not limited to:

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

Once the Funds and other parties that are eligible to participate in a particular investment have been identified, the Adviser will exercise its judgment in deciding how to allocate such investment opportunity among the identified Funds in a fair and equitable manner. In allocating such investment opportunity, the Adviser may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, the following:

- Each Fund’s investment objectives and investment focus;
- Amount of capital available for investment by each Fund as well as each Fund’s projected future capacity for investment (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity);
- The size, liquidity and duration of an investment;
- Structural and operational differences between the Funds;
- The business unit of the Adviser sourcing the transaction (and with respect to an investment opportunity originated by a third-party, the relationship of a particular Fund to or with such third-party);

- Each Fund's targeted rate of return;
- Composition of each Fund's portfolio and each Fund's investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics);
- The suitability as a follow-on investment for a current portfolio company of a Fund or to upsize an existing investment;
- The use of leverage in the proposed capital structure;
- The availability of other suitable investments for each Fund;
- Risk considerations;
- Cash flow considerations;
- The likelihood of current income;
- Each Fund's tolerance for turnover;
- The centrality of an investment to a Fund's strategy;
- Asset class restrictions;
- The seniority of an investment and other capital structuring criteria;
- Industry and other allocation targets;
- Whether an investment opportunity requires additional consents or authorizations from the Funds, investors or Third Parties;
- Whether an investment opportunity would enable a Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;
- Minimum and maximum investment size requirements;
- Each Fund's liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity), taking into account possible redemptions/withdrawals and obligations under applicable leverage facilities, as well as other factors;
- Each Fund's diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- Tax implications;
- Legal, contractual, or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents of each Fund.

The application of the Investment Allocation Requirements and factors set forth above can result in allocations of investment opportunities on a non-pro rata basis and there can be no assurance

that a Fund will participate in all investment opportunities that fall within its investment objectives. The Adviser makes allocation determinations based solely on the Adviser's expectations at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

In exercising its discretion to allocate investment opportunities and fees and expenses among Funds, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense, and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation, or other benefits. The Adviser will not allocate investment opportunities among the funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund, or (iii) any person's interest in offering or participating in Portfolio Co-Investment opportunities outside of any Fund.

Allocation of Co-Investment Opportunities

Subject to any Investment Allocation Requirements or other specific agreements with investors, in general, (i) no investor in a Fund has a right to participate in any opportunity to invest directly in any current or prospective Fund portfolio company (a "Portfolio Co-Investment"), (ii) decisions regarding whether and to whom to offer Portfolio Co-Investment opportunities, as well as the applicable terms on which a Portfolio Co-Investment opportunity is made, are made in the sole discretion of the Adviser or its related persons or other participants in the applicable transactions, such as co-sponsors, (iii) Portfolio Co-Investment opportunities may, and typically will, be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons and investors may be offered a smaller amount of Portfolio Co-Investment opportunities than originally requested and an investor may be offered fewer Portfolio Co-Investment opportunities than other investors in the same Fund, with the same, larger, or smaller capital commitments to such Fund, (iv) certain persons other than investors in the Funds (e.g., consultants, persons associated with a portfolio company, Co-Investment Vehicles, or Third Parties, including Third Parties who the Adviser believes will provide a benefit to itself, a Fund and/or one or more portfolio companies) will, from time to time, be offered Portfolio Co-Investment opportunities, in the sole discretion of the Adviser or its related persons, (v) certain service providers (e.g., lenders) could seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to a Fund, and (vi) co-investors may purchase their interests in a Portfolio Co-Investment opportunity at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing "sell down" or transfer). Each Portfolio Co-Investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgements of interest in Portfolio Co-Investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a Portfolio Co-Investment opportunity.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Funds or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the applicable Fund), and any such excess may be offered to one or more Portfolio Co-Investment investors pursuant to the procedures included in such Funds' organizational documents/side letter agreements or, to the extent not addressed in such Funds' organizational documents, in accordance with the following paragraphs. In addition, a Portfolio Co-Investment opportunity may be offered to a co-investor in a portfolio company that is being sold, or has recently been sold, by a Fund. There may be circumstances where the Adviser determines for strategic or other reasons that an amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

In exercising its discretion to allocate Portfolio Co-Investment opportunities with respect to a particular investment among the Funds and other persons, the Adviser may consider some or all of a wide range of factors, which may include, but are not limited to, its own interests and/or the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise, and other resources or similar synergies) to efficiently and expeditiously participate in the Portfolio Co-Investment opportunity with the relevant Funds without harming or otherwise prejudicing such Funds, in particular when the Portfolio Co-Investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the Portfolio Co-Investment in order to permit such potential co-investment party to evaluate the Portfolio Co-Investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's perception of its past experiences and relationships with that potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential Portfolio Co-Investment opportunities previously offered by the Adviser, and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the potential Portfolio Co-Investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- Whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party

would be willing to defer to the Adviser and assume a passive role in governing a Potential Co-Investment Opportunity);

- The ability of a potential co-investment party to aid in operating or monitoring a potential Portfolio Co-Investment opportunity or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential Portfolio Co-Investment Opportunity and whether the potential co-investment party has any existing positions in the potential Portfolio Co-Investment Opportunity;
- Any interests a potential co-investment party has in any competitors of a potential Portfolio Co-Investment opportunity;
- The Adviser's awareness of whether the Portfolio Co-Investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality reporting, public relations, media, or other burdens that make it less likely that the other account or person would act upon the Portfolio Co-Investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed Portfolio Co-Investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential Portfolio Co-Investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating Portfolio Co-Investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing, or similar benefits) to current or future Funds of the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of current or future Funds and/or the Adviser.
- The interest a potential co-investment party has in participating in Portfolio Co-Investment opportunities in portfolio companies a Fund has sold and which may no longer be within the stated core strategy of a Fund.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances.

The Adviser's exercise of its discretion in allocating Portfolio Co-Investment opportunities with respect to a particular investment among the persons, including the Funds, Co-Investment Vehicles, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others

based on its economic arrangement with such persons (including, for example, whether the Adviser and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investment parties, to additional Advisory Fees and/or Carried Interest based on the availability of co-investment opportunities offered to such parties). While the Adviser will determine how to allocate Portfolio Co-Investment opportunities using its judgment there can be no assurance that a Fund's actual allocation of a Portfolio Co-Investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist. In addition, a Portfolio Co-Investment opportunity in a portfolio company a Fund is exiting will generally only be offered to one or more potential co-investment parties after the Adviser has determined that the Fund should no longer make follow-on investments in the portfolio company and should seek to exit the investment. However, there can be no assurance that the decision to exit the investment will not be influenced by the conflicts of interest discussed herein.

In the event the Adviser determines to offer a Portfolio Co-Investment Opportunity to co-investors, there can be no assurance that the closing of such Portfolio Co-Investment will be consummated in a timely manner, that the Portfolio Co-Investment will take place on the terms and conditions that will be preferable for the Fund, or that expenses incurred by the Fund with respect to the syndication of the Portfolio Co-Investment will not be substantial and the Funds bear the risk that any or all excess portion of a Potential Co-Investment Opportunity is not sold or is sold on unattractive terms. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from the Adviser as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that the Adviser is not successful in offering a Potential Co-Investment Opportunity to potential co-investors, in whole or in part, a Fund may consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended and would bear the entire portion of any fees, costs and expenses related to such investment, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks. In addition, a Fund could in certain circumstances be liable for the actions of a third-party co-investor.

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to the applicable organizational documents, the Adviser may charge (or may decide not to charge) a co-investor (such as an Adviser Investors or Third Parties) interest costs for the time period between the closing of the applicable Fund's investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

Allocation of Expenses

The Adviser or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a

Fund. Any such vehicle will be established at the Adviser or its affiliates' sole discretion and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor.

The appropriate allocation between Funds (including Co-Investment Vehicles), Adviser Investors and Third Parties of Broken Deal Expenses and fees generated in the course of evaluating and making proposed investments which are not consummated, will be determined by the Adviser and its affiliates in their good faith discretion. In some cases, certain Funds, excluding any Co-Investment Vehicles, will be allocated Broken Deal Expenses that are greater than their pro rata share thereof, but not in an aggregate amount greater than the aggregate Excess Deal Fees previously allocated to them. In such cases, Broken Deal Expenses are not expected to be allocated to Co-Investment Vehicles. In other cases, Broken Deal Expenses will be allocated across all Funds, including Co-Investment Vehicles, that the Adviser selected as proposed investors with respect to the applicable proposed investments, in proportion to the amount each such Fund planned to invest.

As discussed above, in the event the Adviser determines to offer a Portfolio Co-Investment opportunity to co-investors, there can be no assurance that the closing of such Portfolio Co-Investment will be consummated as anticipated and as a consequence, a Fund may bear the entire portion of any Broken Deal Expenses and any other fees, costs and expenses related to such investment including Breakup Fees. Without any limitation on the foregoing, the Adviser is expressly permitted to waive imposing any Broken Deal Expenses on co-investors, including limited partner co-investors.

The Adviser will often pay expenses in common to multiple Funds and, as applicable, Co-Investment vehicles (the "Allocated Funds") (e.g., legal expenses for a transaction in which all such Funds participate). On such occasions, each Allocated Fund will reimburse the Adviser for its share of such expense, without interest (provided, however, that the Adviser may not require certain Co-Investment vehicles to provide such reimbursements).

Notwithstanding the foregoing, the Adviser and its affiliates could in the future develop policies and procedures to address the allocation of expenses that differ from their current practice.

Secondary Transactions

If the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's organizational documents, the Adviser will consider factors similar to the factors listed above in exercising such discretion. Subject to any restrictions in the organizational documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Adviser Investors or Third Parties to potentially acquire the interest being transferred.

Conflicts Related to Purchases and Sales

Funds from time to time invest in conjunction with an investment being made by other Funds or a client of the Adviser's affiliate, or in a transaction where another Fund or client of such an affiliate has already made an investment. Conflicts may arise in connection with such investments. Investment opportunities are, from time to time, appropriate for Funds and/or clients of the

Adviser's affiliate at the same, different, or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. When a Fund invests in a debt instrument of an issuer in which another Fund holds equity interests, the Adviser and its affiliates expect to be subject to conflicts of interest (potentially including conflicting fiduciary duties) in determining the terms of such debt securities and in managing the Funds' investments in such portfolio company on a going-forward basis. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. Conflicts could also arise between the Funds in negotiating the price of the debt securities, equity securities or other instruments, the characterization of such debt securities or other instruments, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders and the other terms and conditions of the investment, or in addressing subsequent amendments or waivers. Other conflicts are expected to arise in cases where a Fund desires that the portfolio company have optimal flexibility to grow, while another Fund, as a holder of debt interests in the same company, would be benefitted by tighter restrictions on the type and the amounts of such company's permitted investments, acquisitions and activities. Further, because of the different legal rights associated with debt and equity investments, the Adviser and its affiliates will face a conflict of interest in respect of the advice given to, and the actions taken on behalf of, the Funds. Questions may arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company.

The involvement of Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds or clients of the Adviser's affiliate may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. A Fund holding a minority interest in each tranche, class or other category of debt securities, and having yielded most of its voting rights to third parties, will be required to rely on such third parties to ensure its debt investments are managed in a manner that promotes its interest. The General Partners will not be actively involved in protecting the interests of the applicable Fund, and the Fund will need to rely on the majority holders of the relevant indebtedness to protect the Fund's interest in such investment. However, such third parties may have interests that differ from those of the Fund. If such a payment default were to occur, the Adviser will be required to manage this conflict, and there can be no assurance that such conflict will be resolved in the Fund's favor. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and, if provided, each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. In addition, a conflict may

arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one Fund of the Adviser or its affiliates in a portfolio company also raises the risk of using assets of a Fund of the Adviser or its affiliates to support positions taken by other Funds of the Adviser or its affiliates. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to a Fund.

In addition, where more than one Fund of the Adviser (or its affiliates) invest in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because the Adviser may have an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to a Fund. At the same time, if the Adviser determines it is advisable for a Fund to exit an investment at the same time as another Fund of the Adviser or its affiliates, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments.

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

Officers, principals, employees and other related persons of the Adviser and its affiliates have made and will make capital investments in or alongside certain Funds or clients of the Adviser's affiliates. Such interests will vary Fund-by-Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund. In addition, Funds from time to time invest in securities of companies in which officers, principals, employees and other related persons of the Adviser and its affiliates have previously invested for their own accounts. Officers, principals, employees and other related persons of the Advisers and its affiliates from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. While such capital investments of the officers and employees of the Adviser generally align with the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity). There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflicts not existed.

A Fund may invest in opportunities that other Funds or clients of the Adviser's affiliate have declined, and likewise, a Fund may decline to invest in opportunities in which other Funds or clients of the Adviser's affiliate have invested. There will also be circumstances when the Adviser considers a portfolio investment on behalf of one Fund and determines not to make such portfolio investment; however, the Adviser could eventually cause another Fund to make such investment. In these circumstances, the Adviser or such investing Fund would likely benefit from research undertaken by the original investment team and/or from costs borne by the researching Fund in pursuing the potential investment. Such investing Fund will not be required to reimburse the researching Fund for expenses incurred in connection with such research.

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions may involve selling one or more portfolio companies of one Fund (in whole or in part) to another Fund or investment vehicle managed by the Adviser that is either currently in existence or newly created for the purpose of maintaining exposure to the portfolio companies. In certain cases, the amounts provided by a Fund to such portfolio companies may be used by such portfolio companies to pay a dividend or distribution to another Fund, which could be viewed as transferring capital indirectly from one Fund to another. Any such transactions are expected to be executed on arm's length terms negotiated by third-party lead lenders. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the Adviser's Chief Legal Officer, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions.

Principal Transactions

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

client's consent to the transaction. In connection with the Adviser's management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser has established policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Funds regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents, and related documents relating to the Funds generally contain additional restrictions on the ability of such Funds or the Adviser to engage in principal transactions.

Management of the Funds

The Adviser manages a number of Funds that have investment objectives similar to each other. Certain Funds will compete with other Funds for investments from time to time, primarily by offering financing solutions alongside other private equity sponsors, as alternatives to those offered by other Funds (e.g., offering debt instead of equity). Furthermore, the General Partner, the Adviser and their respective affiliates may form Funds with investment objectives that may be similar to other Funds, and such Funds may compete for investments. Such other Funds could also have management fees, Carried Interests, or other economic terms that are more favorable to the Adviser than those of the prior Fund. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Funds and Allocation of Co-Investment Opportunities and Secondary Transactions*" above. Those conflicts are mitigated by certain restrictions on the establishment of new investment funds. See "*Item 6. Performance-Based Fees and Side-By-Side Management*" above. The Adviser may give advice or take actions with respect to the investments of a Fund that may not be given or taken with respect to other Funds with similar investment programs, objectives, or strategies. As a result, Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund might not invest through the same investment vehicles, or have access to similar credit, or utilize similar investment strategies as another Fund. This could result in differences in price, investment terms, leverage, and associated costs between Funds. There can be no assurance that the Funds will exit the investment at the same time or on the same terms, and there can be no assurance that one Fund's return on such an investment will be the same as the returns achieved by another Fund participating in the transactions. Given the nature of these conflicts, there can be no assurance that the resolution will be beneficial to a particular Fund.

It is also expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services, or functions of these officers and employees as the Adviser has an incentive to allocate more time, services or functions to Funds from which the Adviser derives a higher economic benefit and/or to better performing Funds.

The Adviser receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include

material non-public information received or generated in connection with efforts on behalf of a Fund's investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser enters into information sharing and confidentiality arrangements with portfolio companies and other sources of information that limit the internal distribution and use of such data. The Adviser may use this information in a manner that provides a material benefit to the Adviser, its affiliates, or to a Fund without compensating or otherwise benefitting the Fund. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. The Adviser may also utilize such information to benefit itself, its affiliates or certain other Funds other than such Fund in a manner that otherwise presents a conflict of interest but does not intend to specifically disclose such conflicts to the Fund or its investors.

The Adviser and its affiliates may also enter into formal or informal arrangements with portfolio companies to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow the Adviser, the Funds and the Funds' portfolio companies to better discern economic or other trends and developments. The Adviser believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across the Adviser's businesses and the Funds' portfolio companies. However, information sharing may involve conflicts of interest between the Funds and/or between the Funds and the Adviser. For example, data analytics based on inputs from one portfolio company may inform business decision by other portfolio investments, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. It is difficult, if not impossible, to measure exactly the benefits any particular entity receives from these kinds of arrangements, or to provide specific and direct monetary compensation for such information. Therefore, the Adviser and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefitting the Funds. As a result, the Adviser may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Adviser and/or investments held by other Funds.

The Funds may enter into borrowing or indemnification arrangements that require the Funds to be jointly and severally liable for the applicable obligations. If one Fund defaults on such arrangement, the other Funds may be held responsible for the defaulted amount.

Follow-on Investments

Investments to finance follow-on acquisitions present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on investments by one Fund in a portfolio company in which another Fund or a fund advised by an affiliate of the Adviser has previously invested. In addition, a Fund may participate in financing and recapitalization transactions involving portfolio companies in which another Fund or a fund advised by an affiliate of the Adviser has already invested or will invest. Conflicts of interest are expected to arise, including determinations of whether existing investors are receiving a price that is higher or lower than market value and

whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

Conflicts Relating to the Adviser's Related Persons

The Adviser generally may, in its discretion, contract with any related person of the Adviser (including but not limited to a Fund portfolio company) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

The Adviser, its affiliates, and members, officers, principals, and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. In addition, officers, principals, and employees may buy securities in transactions offered to but rejected by Funds. A conflict of interest may arise because such investing Adviser personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund. In such circumstances, the investing Adviser personnel will not share or reimburse the relevant Fund(s) and/or the Adviser for any expenses incurred in connection with the investment opportunity. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Funds. If officers, principals, and employees of the Adviser have made large capital investments in or alongside the Funds, they may have conflicting interests with respect to these investments. While such capital investments of the officers and employees of the Adviser generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

Adviser officers, principals and employees have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of

which such family members have other involvement. In most such circumstances, the Funds' organizational documents will not preclude Funds from undertaking any of these investment activities or transactions.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

Fee Structure

For each Fund that pays Advisory Fees, there is a fixed investment period after which capital from investors in the Fund may be drawn down only in limited circumstances. Because the Advisory Fees of such Funds are, at certain times during the life of the Funds, based upon capital invested by the Funds, the fee structure of the Funds may create an incentive to deploy capital when the Adviser may not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of the Funds are entitled to Carried Interest under the terms of the limited partnership agreements of the Funds. Such General Partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest may create an incentive for the Adviser to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. To the extent that Adviser personnel are assigned different percentages of Carried Interest in different Funds, one Fund may be subject to Carried Interest terms that are relatively more favorable to the Adviser than the Carried Interest terms of another Fund. Adviser personnel may also have larger equity co-investments alongside one Fund than they have alongside another Fund. Accordingly, Adviser personnel will have an incentive to favor one Fund over another Fund.

In addition, the Adviser and their affiliates are incentivized to hold on to investments that have poor prospective for improvement in order to receive ongoing Advisory Fees in the interim and, potentially, a more likely or larger Carried Interest distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of the applicable Funds' General Partners.

Fund-Level Borrowing

The Funds from time-to-time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses, to pay advisory fees, to make or facilitate new or follow-on investments, to fund the closing of an investment in advance of the receipt of capital contributions from investors, or to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would generally be used for all limited partners in such Fund on a pro-rata basis, in proportion to their respective capital commitments, including the General Partner, and may remain outstanding for an extended period before the Fund call capital from its limited partners. The Funds will also utilize subscription facilities to benefit co-investment parties. For example, a Fund will borrow to fund a co-investment party's pro rata share of an investment or expense related to an investment. While the Adviser expects that all parties (including the general partner and any

co-investment party) will bear its pro rata share of the interests expenses (but not necessarily origination and other costs) allocable to the extension of credit, the Fund will bear a disproportionate amount of the credit risk in incurring the debt on behalf of the other parties.

In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds. In such instances the Funds would bear the sole liability for the borrowed funds in the event of a default, and as a result, such portfolio company and any of its other investors (including direct investments by the general partner and any co-investor, including internal Co-Investment Vehicles) benefit from the credit risk taken by the Fund's guarantee.

Although borrowings by a Fund have the potential to enhance overall returns that exceed the Fund's cost of funds (including interest rate, lender fees and transaction costs), such borrowings increase the potential exposure of the Fund to a particular investment above the level that the Fund would typically have if the Fund invested only its own equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. In addition, borrowings by the Fund can be secured by capital commitments made by Fund investors to the Fund as well as by the Fund's assets and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of leverage by the Fund may cause the realization of "unrelated business taxable income."

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly or indirectly through the Fund facility, such Fund's investors generally make correspondingly later capital contributions, but the Fund will typically bear the expense of interest on such borrowed funds. As a result, such Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and will generally make net IRR calculations higher than they otherwise would be without fund-level borrowing. Such calculations generally depend in part on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by such Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds, and how long to keep such credit facility outstanding, because the General Partner may receive disproportionate benefits from such borrowings. In addition, where a portfolio company borrows funds directly or indirectly through the Fund facility, the applicable Fund may charge the portfolio company borrower higher interest rates than the interest rate the Fund pays pursuant to such financing facility, among other things, to help offset origination and other facility costs.

Related Services

As described in Item 5 above, the Adviser and its affiliates expect to perform related services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to the Adviser. Additionally, a portfolio company will reimburse the Adviser for expenses (as described in Item 5 above) incurred by the Adviser in connection with its performance of services for such portfolio company, and such reimbursements would not reduce the Advisory Fees paid (if any) by the applicable Fund. This creates a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these fees and expense reimbursements may be substantial and the Funds and their investors generally do not have an interest in these expense reimbursements. The Adviser determines the amount of these fees for related services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser and its affiliates will in some circumstances reduce the amount of Advisory Fees paid (if any) by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as the Co-Investment Vehicles and investors in the Funds) may have a right to share in such fees, and Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company and therefore the fees are not subject to a market check. Therefore, a conflict of interest may exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company by virtue of the Adviser acting on behalf of both parties.

Diverse Membership

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

Business with and Among Portfolio Companies, Funds, Investors and Prospective Investors

Given the collaborative nature of the Adviser's business and the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of recommending the services of a portfolio company of the Fund which in some cases involves fees, commissions, servicing payments and/or discounts, to the Adviser, an affiliate, or another portfolio company. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service could be greater than those received by the Fund and its portfolio companies receiving the service.

The Adviser may have an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain Third Parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by a Fund may provide services to certain Fund investors or prospective investors. The Adviser may have an incentive to cause the portfolio company to favor those investors or prospective investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Fund. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

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

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

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by the Adviser or the Adviser's affiliates that, although the Adviser determines to be consistent with the requirements of such Funds' organizational documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that are not subject to the Advisory Fee offset provisions described herein. For example, the Adviser has in the past and may in the future cause portfolio companies to enter into agreements regarding group procurement (which could depend on the volume of services purchased under these agreements and which could be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which could be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that could result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to the Adviser, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

Certain limited partners are expected to acquire debt securities in a Fund's portfolio companies (whether in the same tranche or class in which the Funds invest, or otherwise), separately from their investment in such Fund. As a result, those limited partners are expected to have different levels of exposure to the certain investments than other limited partners. Those limited partners are not expected to pay Advisory Fees or Carried Interest with respect to their direct investments in the Fund's portfolio companies. In exercising rights with respect to a Fund's investments (which rights are expected to be significantly limited), the Fund's General Partner will consider the investment objectives of the Fund as a whole, not the investment or other objectives of any limited partner individually. The General Partner will have no influence over limited partners' actions taken with respect to the limited partners' direct investments in the Fund's portfolio companies.

The Adviser and its affiliates have hired, and in the future could hire, part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there could be a continuing appearance of a conflict of interest.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The General Partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

Representatives of the advisory committee may have various business and other relationships with

the Adviser and its partners, employees and affiliates. These relationships may influence the decisions made by such members of the advisory committee.

In addition, members of one Fund's advisory committee may also be members of another Fund's advisory committee. Votes with respect to matters where such Funds have a conflict of interest may arise. In such instances, such committee members will not typically recuse themselves from any such vote.

Industry Relationships

As with other fund sponsors, as part of the Adviser's business, the Adviser and its personnel have developed many relationships with third parties which will raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of the Adviser. Certain of these third parties could potentially: (i) introduce investment opportunities to the Adviser; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to the Adviser, the Funds, or portfolio companies. Such third parties could potentially also provide goods or services to or have business, personal, political, financial or other relationships with the Adviser and its personnel. In addition, such third parties could potentially invest in one or more Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to the Adviser, the Funds and/or their portfolio companies.

Service Providers

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations be outsourced in whole or in part to third parties in the discretion of the Adviser or its affiliates. The Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, information technology, license software as a service, depository, data processing, client relations, administration and accounting (at any level in a Fund's structure), custodial, accounting, legal and tax support, and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future. The costs and expenses of any such third-party service providers will be borne by the Funds.

If a service provider provides services to a Fund on the property of the Adviser, such Fund may also be responsible for any overhead, rent or other fees, costs and expenses charged by the Adviser in connection with an on-site arrangement.

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel pension consultants and/or other investors who provide services (including lending arrangements). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Adviser may give such investor enhanced information rights, preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. In addition, the Adviser will have a conflict of interest in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates., will provide other services that are beneficial to the Adviser and/or will provide financial sponsorship of events held by the Adviser (such as transaction closing dinners or outings, or informational summits or training events for the Adviser or portfolio company personnel).

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other economic or other interests in such certain service providers. These relationships can influence the Adviser in determining whether to select, or recommend such service provider to perform services for a Fund or a portfolio company. The Adviser will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in Funds or will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser would have a conflict of interest in making such recommendations, in that the Adviser would have an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds, while the products or service recommended might not necessarily be the best available to the portfolio companies held by the Fund. Although the Adviser selects service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, would have an incentive to recommend the related or other person. There is a possibility that the Adviser, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, the Fund or other investment funds sponsored by the Adviser or its affiliates), could favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not the Adviser has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Fund

or its portfolio companies, as applicable. There will be situations in which the Adviser receives more favorable service rates or arrangements than the Funds or their portfolio companies.

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

In addition, service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser or its affiliates differ from those required by the Funds and/or its portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

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

Affiliations with Portfolio Companies

Employees of the Adviser will serve as officers or be directors of, be observers on the board with respect to, or otherwise may be affiliated with, portfolio companies. While conflicts of interest will arise in the event that such employee's fiduciary duties as a director conflicts with those of the Fund, it is expected the interests will be aligned. Such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an employee serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such employee may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Employees serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company. Decisions made by a director may subject the Adviser, its affiliates or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general,

the Funds will indemnify the Adviser and their partners, principals and employees from such claims.

In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Such employees are required to remit any remuneration they may receive as directors for the benefit of the applicable Fund. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management, or other fees personally from portfolio companies.

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

Certain personnel of the Adviser or its affiliates may also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse the Adviser or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. The Adviser may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by the Adviser or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the Advisory Fee paid or Carried Interest distributed by the Fund to the Adviser will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by the Adviser and reimbursed by a portfolio company) will not be treated as expenses to be borne by the Fund and will not reduce the Advisory Fee otherwise payable to the Adviser or any Carried Interest otherwise payable to the Adviser or its affiliates. All or a portion of any such compensation and incentives will be borne by the Fund, directly or indirectly, via its ownership interest in such portfolio company. In certain instances, whether an individual who provides services to a portfolio company should be characterized as an industry specialist, an employee or former employee of the Adviser, or a seconded employee may be unclear. In such cases, the Adviser will make a determination in good faith based on its evaluation of the relevant facts and circumstances.

Side Letter Agreements

The Adviser will enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, preferential economic rights, information and reporting rights, waiver of certain confidentiality obligations, coinvestment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations

and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights, and liquidity or transfer rights. Except as otherwise agreed with an investor, the Adviser (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

Advisory Affiliates

As described in Item 10 above, the Adviser's investment adviser affiliates have their own clients. Although these affiliates focus primarily on a different investment strategy than the Adviser, clients of the Adviser and these affiliates may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Interests of the Adviser's clients may therefore conflict with the interests of the clients of these affiliates. For instance, see *"Allocation of Investment Opportunities Among Funds and Allocation of Co-Investment Opportunities and Secondary Transactions"* and *"Conflicts Related to Purchases and Sales"* above for more information.

Other Potential Conflicts

The organizational documents of a Fund typically establish complex arrangements among such Fund, the Adviser, investors, and other relevant parties. From time to time, questions may arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the organizational documents, if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Adviser and the Funds will often engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund, and may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds and the portfolio companies of the Funds may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser, on the one hand, and the Funds and portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser may favor the engagement or continued engagement of such persons if it receives a benefit from such service providers that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio

companies. Neither the Funds nor the investors in the Funds will receive the benefit of any such favorable rate or discount provided to the Adviser, its personnel or its affiliate, and the Advisory Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

The Adviser and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to the Adviser and/or its personnel, and such benefits, rewards and/or amounts (whether or not *de minimis* or difficult to value), will exclusively benefit the Adviser and/or such personnel even though the cost of the underlying service is being borne by the Funds, its investors and/or the portfolio companies. Any such benefits, rewards, and/or amounts will not be subject to the offset arrangements described above or otherwise shared with such Fund, its investors and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for an Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

The Adviser may, in its discretion, have, and may, in its discretion, cause the Funds and/or their portfolio companies to have, ongoing business dealings, arrangements, or agreements with persons who are former employees or executives of the Adviser. The Funds and/or their portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements, or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements, or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The Funds may create or acquire a platform company for acquiring other companies in a particular industry for the purpose of creating synergies across, and adding value to, such companies (e.g., merging companies together to create economies of scale or running certain companies in a coordinated manner). In such instances, the “Platform Company” would acquire and manage the companies in the platform. The Platform Company would be staffed with personnel responsible for sourcing, acquiring and managing companies for the Platform Company. In certain circumstances, the Platform Company’s employees may include former employees of the Adviser, or current or former senior advisors or consultants to the Adviser and its affiliates. The Platform Company’s costs and expenses (including compensation for its personnel, which compensation may include, among other things, the granting of profit participation in certain investments of the Platform Company and/or a capital interest in such investments or the underlying assets) would be borne by the Platform Company (and, therefore, indirectly borne by the Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest) received by the Adviser. In addition, as the Adviser earns Advisory Fees and Carried Interest from the Fund, the Adviser will benefit from the assets, income and gains of Platform Company.

The Adviser has in the past, and will in the future, cause one or more Funds to bear an allocable share of premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partners of such Funds, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties, against liability in connection with the activities of the applicable Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Funds and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the advisory committee and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Funds, and/or the Adviser on a fair and reasonable basis in accordance with the Adviser’s policies and procedures. The Adviser may also make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Certain employees of the Adviser provide research, administrative, reporting and similar services to the Co-CEOs of the Adviser and certain of their family members and investment research and analysis to the Co-CEOs, in each case with respect to personal investment activities. Such services could potentially present a conflict of interest between the Adviser and the Funds. However, the Adviser believes any potential conflicts of interest are substantially mitigated because (i) the investments are not investments that would be suitable for a Fund, (ii) the investments are subject to an internal restricted list, (iii) the investments are reportable by the Co-CEOs and subject to preclearance pursuant to the Code of Ethics, (iv) such employees are not involved in the provision of investment advice to the Funds and (v) such employees do not have investment discretion with respect to such personal investment activities.

The Adviser may represent creditors or debtors in proceedings under Chapter 11 of the Bankruptcy Code or prior to such filings. From time to time, the Adviser may serve as advisor to creditor or equity committees. This involvement, for which the Adviser may be compensated, may limit or preclude the flexibility that Funds may otherwise have to make investments.

If a Fund purchases in the secondary market at a discount debt securities of a company in which a Fund has, for example, a substantial equity interest, (a) a court might require a Fund to disgorge profit it realizes if the opportunity to purchase such securities at a discount should have been made available to the issuer of such securities or (b) a Fund might be prevented from enforcing such securities at their full face value if the issuer of such securities becomes bankrupt. The effect of these transactions will vary from jurisdiction to jurisdiction.

Although the Adviser expects that such activity would occur rarely, if ever, partnership agreements (or analogous organizational documents) of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner’s share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates in-kind, while disposing of limited partners’ share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the

General Partners and the limited partners of the applicable Fund, because the General Partner may have an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the General Partner was prohibited from receiving its proceeds from investments in-kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners). Furthermore, the General Partner, or its affiliates, may from time to time receive distributions in kind from an investment disposition. In the event the General Partner, or its affiliates, receive such a distribution, the General Partner may act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the General Partner shall determine. The ability of the General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund.

The partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund's General Partner to withhold certain information from certain limited partners or investors in such Fund in certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner may elect to withhold certain information to such limited partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such limited partners of receiving such information.

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

Item 12. Brokerage Practices

As the Funds invest primarily in private transactions, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). However, to meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Funds, the Adviser has (subject to the direction and control of a Fund's General Partner), sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's Finance team takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience, and financial stability of the broker or dealer, and the quality of service rendered by the broker or dealer in other transactions. In addition, the Adviser may consider the use of electronic communications networks when placing trades on behalf of the Funds. When purchasing or selling over-the-counter securities with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

In order to monitor best execution, the Adviser's Finance team, in consultation with the Adviser's Compliance Group, will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of the Adviser and each Fund.

Aggregation of Trades

The Adviser and its affiliates may aggregate (or bunch) the orders of more than one Fund for the purchase or sale of the same publicly traded security. Portfolio managers and traders often employ this practice because larger transactions can enable them to obtain better overall prices, including lower commission costs or mark-ups or mark-downs. The Adviser and its affiliates may combine orders on behalf of Funds with orders for other Funds for which it or its affiliates have trading authority, or in which it or its affiliates have an economic interest. In such cases, the Adviser and its affiliates generally aggregate trade orders for publicly traded securities so that each participating Fund will receive the average price for each execution of a transaction.

If an order for more than one Fund for a publicly traded security cannot be fully executed, allocation will be made based upon the Adviser's procedures for allocation of investment opportunities, as described in Item 11 above.

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are generally private, illiquid, and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are reviewed regularly by teams of investment professionals (which include Managing Directors) to evaluate whether each investment is delivering the expected results.

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 90 days after the fiscal year end of such Fund, as well as unaudited quarterly performance reports within 45 days after the end of the first three fiscal quarters of each year. The Adviser and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above.

In addition, the Adviser and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Such Fund may bear the costs of such placement agent fees, subject to any limitations set forth in its partnership agreement or other organizational documents, reimburse such fees.

Item 15. Custody

Item 15 is not applicable to the Adviser.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with their Advisory Agreements and/or their organizational documents. Investment restrictions for the Funds, if any, are generally established in their organizational or offering documents.

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and any other relevant facts and circumstances the Adviser determines to be appropriate at the time of the vote. The Adviser does

not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser's Chief Legal Officer or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Fund or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Fund.

Funds generally cannot direct the Adviser's Vote.

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

Internal counsel has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions will require a mandatory conflicts of interest review by internal counsel in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's Chief Compliance Officer or internal counsel will use his or her judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

Where the Adviser's Chief Legal Officer deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's Chief Legal Officer will have the power to retain independent fiduciaries, consultants, or professionals to assist with voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants, or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies and procedures are available to Fund upon written request to: compliance@audaxgroup.com.

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.