

**Item 1. Cover Page**

**Kohlberg & Co., L.L.C.**

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Part 2A of Form ADV: Firm Brochure  
March 30, 2021

**This brochure provides information about the qualifications and business practices of Kohlberg & Co., L.L.C. If you have any questions about the contents of this brochure, please contact us at (914) 241-7430. 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 Kohlberg & Co., L.L.C. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://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, dated March 30, 2021, serves as an update to Kohlberg & Co., L.L.C.'s prior Brochure dated March 27, 2020 (the "Prior Brochure"). This Brochure contains routine annual updates to the Prior Brochure, and certain material changes have been made, including: (i) additional information on fees, expenses and compensation, and (ii) additional information regarding conflicts of interest. In addition, Kohlberg & Co., L.L.C. routinely makes updates throughout the brochure to improve and clarify the description of its business practices, compliance policies and procedures, as well as to respond to evolving industry practices. We encourage all recipients to read this brochure carefully and in its entirety.

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#### **Item 4. Advisory Business**

For purposes of this brochure, the “Adviser” means Kohlberg & Co., L.L.C. (“Kohlberg”), a Delaware limited liability company, together (where the context permits) with its affiliated General Partners of the Funds (as defined below) and other affiliates that provide advisory services to and/or receive advisory fees from the Funds. Such affiliates may or may not be under common control with Kohlberg, but possess a substantial identity of personnel and/or equity owners with Kohlberg. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds, or may serve as General Partners of the Funds.

The Adviser provides investment supervisory services to pooled investment vehicles 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”). As of March 30, 2021, the Adviser serves as the investment manager for Kohlberg Investors IV, L.P., Kohlberg TE Investors IV, L.P., Kohlberg Offshore Investors IV, L.P., Kohlberg Investors V, L.P., Kohlberg TE Investors V, L.P., Kohlberg Offshore Investors V, L.P., Kohlberg Investors VI, L.P., Kohlberg TE Investors VI, L.P., Kohlberg Investors VII, L.P., Kohlberg Investors VII-B, L.P., Kohlberg Investors VII-C, L.P., Kohlberg TE Investors VII, L.P., Kohlberg TE Investors VII-B, L.P., KRTG Acquisition Company, L.P., Kohlberg Investors VIII, L.P., Kohlberg Investors VIII-B, L.P., Kohlberg Investors VIII-C, L.P., Kohlberg TE Investors VIII, L.P., Kohlberg TE Investors VIII-B, L.P., Kohlberg Investors IX, L.P., Kohlberg Investors IX-B, L.P., Kohlberg Investors IX-C, L.P., Kohlberg TE Investors IX, L.P., and Kohlberg TE Investors IX-B, L.P. (the “Main Funds”). The Adviser may in the future advise Main Funds in addition to those listed herein.

The Adviser has in the past and may in the future, from time to time, establish, on a transaction-by-transaction basis, certain investment vehicles through which certain persons may invest alongside one or more Main Funds in a particular investment opportunity (each such vehicle, a “Co-Investment Vehicle”). Co-Investment Vehicles are typically limited to investing in securities relating to the transaction with respect to which they were organized. As a general matter, the General Partner of a Main Fund may, in certain circumstances, cause a Co-Investment Vehicle to make and dispose of its investment in the particular investment opportunity at substantially the same time, on substantially the same terms and conditions and in the same proportions as the applicable Main Fund(s) that are also invested in that investment opportunity, except as may be necessary because of different tax, legal or regulatory considerations.

Additionally, the Adviser has in the past and may in the future organize and serve as general partner (or in an analogous capacity) to (i) certain other “feeder” vehicles (each such vehicle, a “Feeder Vehicle”) organized to invest exclusively in a Main Fund, (ii) alternative investment vehicles (each, an “Alternative Investment Vehicle”) organized to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions and/or (iii) parallel investment entities that invest side-by-side with one or more of the Main Funds and are formed to facilitate investments by business associates and other “friends and family” of the Adviser or its personnel (each, an “Associates Fund”).

The Main Funds, Co-Investment Vehicles, Feeder Vehicles, Associates Funds and Alternative Investment Vehicles are collectively referred to as the “Funds.” (Although Co-Investment

Vehicles are collectively referred to in this brochure as Clients, some or all Co-Investment Vehicles may not be clients of the Adviser.)

The Funds make primarily private equity and equity-related investments, as well as limited investments in debt instruments. In accordance with the Funds' respective investment objectives, investments are generally made in companies doing business in industrial manufacturing, consumer products, and services (including business services, healthcare services and financial services). 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 such investments. The Adviser will serve as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund and/or separate investment and advisory, investment management or portfolio management agreements (each, an "Advisory Agreement").

Investment advice is provided directly to the Funds (other than certain Co-Investment Vehicles) and not individually to the investors in the Funds. 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, if any, are generally established in the organizational or offering documents of the applicable Fund, the Advisory Agreements and/or side letter agreements negotiated with investors in the applicable Fund (such documents collectively, a Fund's "Organizational Documents").

The only ultimate principal owner, through intermediate entities, that owns 25% or more of Kohlberg is Samuel P. Frieder. The Adviser has been in business since 1987. As of December 31, 2020, the Adviser manages a total of \$7,769,800,000 of client assets, \$7,458,200,000 of which is managed on a discretionary basis and \$311,600,000 of which is managed on a non-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 a Fund as described below in more detail. A Fund and/or its portfolio companies may also make other payments to the Adviser or its affiliates for services provided to the portfolio companies which, in certain circumstances, may reduce the Advisory Fees payable to the Adviser. Additionally, consistent with the Organizational 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.

## **Advisory Fees**

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund (except for Associates Funds, Co-Investment Vehicles, Feeder Vehicles and Alternative Investment Vehicles) an advisory fee (each, an “Advisory Fee”) typically calculated based on committed capital, or remaining invested capital, with respect to such Fund. Advisory Fees may be reduced during the life of a Fund. Advisory Fees paid by a Fund may also be reduced by other fees or compensation received by the Adviser or its affiliates that relate to such Fund’s activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Advisory Fees paid by a Main Fund are indirectly borne by investors in such Main Fund, including any Funds that invest in such Main Fund (such as Feeder Vehicles).

Advisory Fees received from the Funds are payable quarterly in advance. Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser as set forth in each Fund’s Organizational Documents received by each investor prior to investment in such Fund. The Advisory Fees and other fees and distributions described herein are generally subject to waiver, modification or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. Such waiver has in the past and may in the future eliminate any fee offsets that might otherwise have reduced the amount of an Advisory Fee. The fee structures described herein 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 has in the past and may in the future enter into economic and/or other fee sharing arrangements with respect to one or more Funds and/or certain limited partners thereof, the rights of which will not generally be made available to other limited partners.

Certain investors in the Funds, and certain Funds (including Associates Funds, Co-Investment Vehicles, Feeder Vehicles and Alternative Investment Vehicles) will not typically pay Advisory Fees. Notwithstanding that such investors and Funds will not pay Advisory Fees, such investors and such Funds will pay for their pro rata share of certain Fund expenses or the pro rata portion of such investors’ expenses will be allocated to the Adviser or the General Partner of the applicable Fund.

The Advisory Fees paid by a Fund will generally be reduced by a percentage of: (1) the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors and/or (2) certain Other Fees (as defined below) received by the Adviser or its affiliates. The amount and manner of such reduction, if any, is set forth in the Advisory Agreement and/or Organizational Documents of the applicable Fund. To the extent a reduction relates to more than one Fund, the Adviser shall allocate the resulting Advisory Fee reduction among the applicable Fund(s) in proportion to the capital committed to the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds. Generally, the portion of Other Fees allocable to capital invested by an Associate

Fund, Co-Investment Vehicle, Feeder Vehicle, Alternative Investment Vehicle, other Fund, co-investment vehicle or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee.

In addition, the Adviser has in the past and may in the future waive or reduce all or a portion of the Advisory Fee paid by a Fund in full or partial satisfaction of any obligation of the Adviser and certain employees and affiliates of the Adviser (including any related entity established by any of the foregoing such as trusts, charitable programs, endowments or related programs, family investment vehicles or other estate planning vehicles) to invest in and 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. Due to waived or reduced Advisory Fees and/or the timing of receipt of compensation subject to offsets, Fund investors may not receive the full benefit of reductions or offsets (e.g., during periods when the Adviser no longer receives Advisory Fees and receives compensation that would otherwise be subject to offset, the Adviser, depending on certain elections that may be made by Fund investors, may be entitled to retain such compensation without remitting any such amounts to the applicable Fund or its investments).

### **Other Fees**

#### *Fees Payable by Portfolio Companies*

In addition, the Adviser and its affiliates have in the past and may in the future perform management, advisory, 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, public offerings, sales, divestments or other dispositions and similar transactions with respect to such portfolio companies (“Transaction Fees”).

The Adviser and its affiliates may also receive “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. The terms of a monitoring agreement may include (among other things) annual automatic renewals and the payment of monitoring fees.

In addition, the Adviser and its affiliates may receive fees in connection with serving on the board of directors of a portfolio company (“Director Fees”) and in connection with an unconsummated transaction (“Break-Up Fees” and, together with Transaction Fees, monitoring fees, Director Fees, and any origination fees, commitment fees, topped bid fees, cancellation fees, closing fees, financial advisory fees, investment banking fees and other similar ancillary fees, the “Other Fees”). The amount and timing of Other Fees received by the Adviser are generally specified in the agreement or other documentation governing the transaction.

Generally, under the terms of the applicable Organizational Documents, for purposes of calculating any Advisory Fee offset, Other Fees are 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. Other Fees are often substantial and can be paid in cash, equity, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other Fees are in addition to the Advisory Fees, the Adviser will in some circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such Other Fees. The amount and manner of such reduction is set forth in the Organizational Documents of the applicable Fund. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

The payment of Other Fees by portfolio companies will, in some, but not all, circumstances create a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these Other Fees and reimbursements (see “*Expense Reimbursement*” below) are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. The Adviser determines the amount of these fees for the services provided 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.

From time to time, the Adviser will, in its discretion, disclose to an investor the amount of Other Fees allocated to the Fund in which such investor has invested, in account statements or other similar periodic reports delivered to investors.

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

In addition, the Adviser or its investment partners or employees, on behalf of the Adviser, may receive stock of a portfolio company as an Other Fee due to service of an investment partner or employee of the Adviser on the board of such portfolio company. In the event of such a distribution or receipt of stock, the recipients, or Adviser, may act in their own interest with respect to the share of securities and may determine to sell the distributed securities, or hold on to the distributed securities for such time as such recipient, or the Adviser, shall determine. The ability of such recipients, or the Adviser, with respect to stock received as an Other Fee, to act in their own interest with respect to such distributed shares creates a conflict of interest between the Adviser, as an adviser to the Fund, and its Related Persons, on the one hand, and the 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 or to capital committed by a Fund investor that does not pay Advisory Fees, (ii) fees or expenses borne by a Fund directly, and (iii) 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.

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 exists 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.

#### *Payments Made to Third Parties*

The Adviser and its affiliates also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who have in the past and may in the future, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, the amounts of fees or other compensation received by such persons may be retained by such persons and will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described above and will not benefit the Fund or its investors. For a discussion of material conflicts of interest created by the engagement of such persons, please see "*Providers of Operations Support*" in Item 11 below.

#### *Expense Reimbursement*

Additionally, portfolio companies have in the past and may in the future reimburse the Adviser for expenses (including without limitation travel and travel-related expenses (which, as used in this brochure, includes expenses for chartered or first class travel, and meals and entertainment expenses, including, as applicable, closing dinners and mementos, car service and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses related to training programs, meetings or other events, expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), expenses associated with co-investor reporting and providing access to a portal, indemnification expenses, certain legal expenses (including legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company borrower or a lender) and similar out-of-pocket expenses), as well as consulting fees and other cash and non-cash compensation and expenses, incurred by the Adviser in connection with its performance of services for portfolio companies, and such reimbursements are generally not included in the definition of "Other Fees" under the terms of the applicable Organizational Documents and not subject to the sharing arrangements described above. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

### **Expenses**

#### *Adviser Expenses*

To the extent provided in the Organizational Documents of the Funds and except as described below as a “Fund Expense”, the Adviser will pay out of Advisory Fees certain expenses and costs associated with the performance of its services, including organizational expenses of a Fund exceeding a limit specified in the Fund’s Organizational Documents, expenses on account of rent, utilities, office supplies, office equipment, travel (other than travel and travel-related expenses described below as being borne by the Funds), entertainment, compensation, expenses and benefits of its officers, directors and employees (other than Carried Interest described in Item 6 below), insurance (other than premiums for insurance covering persons to be indemnified pursuant to a Fund’s partnership agreement or other organizational document and other insurance premiums described below as being borne by the Funds), travel and travel-related expenses incurred by a Fund’s placement agent and other normal and routine administrative expenses relating to the services and facilities provided by the Adviser to the Funds.

### *Fund Expenses*

Consistent with the Organizational Documents of the Funds, each Fund will bear all other expenses relating to it to the extent not borne by its portfolio companies, including all reasonable expenses incurred in connection with the organization of such Fund, such as marketing, advertising, printing, wholesaling and other fundraising expenses associated with the admission of an investor and investor-related services and other similar costs, travel and travel-related and entertainment expenses incurred in connection with such Fund’s fundraising and investment activities, expenses (other than travel and travel-related expenses) of a Fund’s placement agent, up to a limit specified in the Fund’s Organizational Documents; all documented legal, accounting, investment banking, lenders, consulting, research (including research costs allocated by third-party groups), due diligence, travel and accommodation and other professional services to a Fund and filing and similar fees paid on behalf of a Fund (including such expenses with respect to transactions that are not consummated) (including expenses that would have been borne by Co-Investment Vehicles), in each case to the extent that such expenses are not reimbursed by entities in which the Fund invests, or proposes to invest and costs of printing certain investor reports; all custody, transfer, administration, registration and similar expenses incurred by a Fund; all brokerage and finders’ fees and commissions and discounts incurred in connection with the purchase or sale of securities; Operations Fees & Expenses (as defined in Item 11 below), fees, costs and expenses related to the organization or maintenance of any intermediary entity used to acquire, hold or dispose of an investment or to otherwise facilitate a Fund’s investment activities, advisory committee expenses (including without limitation, set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses reasonable fees and expenses of legal counsel and financial advisors engaged by the advisory committee, accountants, auditors, financial advisors and any other advisors or experts retained to assist the advisory committee and any other expenses incurred in connection with advisory committee action,) and all expenses incurred in connection with the meetings of the partners; all interest on borrowed funds (if any); expenses of loan servicers and other services providers; all taxes, fees and other governmental charges (if any) levied against a Fund or payable by a Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of a Fund, expenses incurred in connection with tax preparation and filings, expenses relating to the preparing, printing and distribution of investor reports, physically or electronically (including software use to electronically distribute such reports); all extraordinary expenses, such as litigation expenses; all expenses incurred by a Fund’s General

Partner in connection with service as tax matters partner as defined in Section 6231(a)(7) of the Internal Revenue Code of 1986, as amended; any and all fees and expenses incurred in connection with a Fund's compliance with the Alternative Investment Fund Managers Directive (if applicable to such Fund) including the fees and expenses of any depository; expenses associated with a 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 a Fund or the Adviser that are attributable to the operation of such Fund or requested by one or more investors in a Fund; the costs associated with any amendments, modification, revisions or restatements to the Organizational Documents of a Fund, the costs and expenses of hosting annual or special meetings of the Funds' investors (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses); expenses of liquidating a Fund; all premiums and other costs relating to any insurance maintained in connection with the conduct of the business of a Fund, including insurance premiums that benefit the Adviser and its affiliates; and any other fees or expenses incurred by the Adviser or such Fund in connection with such Fund's operations that are not specifically set forth above as being paid by the Adviser. Although the Adviser currently does not have and does not intend to enter into any arrangements whereby expenses that would otherwise be payable by the Adviser are reduced through the use of "soft" or commission dollars, the Adviser is permitted to do so, as discussed in Item 12 below.

In addition, certain Funds and/or portfolio companies may also bear their allocable portion (as determined by the Adviser, in its good faith discretion) of the compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and certain expenses that are directly attributable to certain Operations Support Providers (as defined in Item 11) that provide functional expertise services directly to the portfolio companies. The allocation of such compensation and expenses between the Adviser, the Funds and/or the portfolio companies require judgments as to methodology that the Adviser makes in good faith but in its sole discretion. These allocation methodologies may include one or more of: requiring personnel to periodically record and allocate their time with respect to the Funds and/or the portfolio companies; the Adviser approximating the portion of time a person has spent with respect to a particular Fund and/or portfolio company; the assessment of an overall dollar amount (for instance, based on a fixed fee) that the Adviser believes represents a fair recoupment of expenses and a market rate for such services; and any other methodology determined by the Adviser to be appropriate under the circumstances. Any methodology chosen by the Adviser involves inherent conflicts of interest and could result in a greater expense to the Funds and portfolio companies than would be the case if such services were provided by third-parties. While the Adviser may (in its discretion) obtain benchmarking data regarding third party rates for similar services, relevant comparisons may not be available for a variety of reasons, including as a result of lack of a substantial market of providers or users for such service, confidentiality reasons and the bespoke nature of certain services. As a result, market comparisons may not (and often do not) result in precise comparable data for certain services.

As described in Item 4 above, from time to time, the General Partner of a Fund may create AIVs. In the event the General Partner creates an AIV, consistent with the Organizational Documents of the Fund, the AIV, and indirectly, the investors thereof, will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the AIV.

#### *Co-Investment Vehicle Expenses*

As described in Item 4 above, in certain cases, a Co-Investment Vehicle may be formed in connection with the consummation of a transaction. In the event a Co-Investment Vehicle is created, the investors in such Co-Investment Vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the Co-Investment Vehicle. The Co-Investment Vehicle will generally bear its pro rata portion of expenses incurred in making an investment.

If a proposed transaction is not consummated, no such Co-Investment Vehicle generally will have been formed, and the full amount of any expenses relating to such proposed but not consummated transaction (“Dead Deal Costs”) would therefore be borne by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments and other expenses). Furthermore, if a proposed transaction is not consummated and a Co-Investment Vehicle has been formed for the purpose of making an investment in such proposed transaction (or co-investors have otherwise committed to invest in the proposed transactions), some or all of the Dead Deal Costs are typically borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, but not to the Co-Investment Vehicle or other co-investor(s) to which the co-investment opportunity was offered. As a general matter, no co-investor will bear Dead Deal Costs or receive any portion of Break-Up Fees until they are contractually committed to invest in the prospective investment. Furthermore, to the extent a Co-Investment Vehicle is formed in connection with a proposed, but unconsummated, transaction, expenses relating to such Co-Investment Vehicle may, in certain situations, be borne by another Fund or Funds, regardless of whether such proposed transaction is consummated. Similarly, Co-Investment Vehicles (and co-investors) are not typically allocated any share of Break-Up Fees received in connection with such an unconsummated transaction. Dead Deal Costs may include, among other things, legal, accounting, advisory, consulting or other third-party expenses (including amounts payable to Operations Support Providers (as defined in Item 11 below) and other third parties), any travel and travel-related expenses, all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

### *Expense Allocation*

From time to time the Adviser will be required to decide whether certain fees, costs and expenses should be borne by a Fund, on the one hand, or the Adviser on the other hand, and/or whether certain fees, costs and expenses should be allocated between or among Funds and/or other parties. Certain expenses may be the obligation of one particular Fund and may be borne by such Fund, or expenses may be allocated among multiple Funds and entities. In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser is faced with a variety of potential conflicts of interest. To the extent not allocated to a portfolio company, the Adviser will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund’s Organizational Documents or, to

the extent not addressed in such Organizational Documents 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 based on the respective total capital commitments of such Funds, pro rata allocation based on the respective investment or anticipated investment of a party, the relative benefit received by a party, based on which Funds are in their investment period at the time a fee or expense has accrued, or such other method determined to be equitable 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 that such corrections are necessary or advisable, but the Adviser may determine, in its sole discretion, that in certain circumstances it is not practicable to make such corrective allocations or take such mitigating steps. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

The appropriate allocation between Funds, Adviser Investors (as defined below) and Third Parties of Dead Deal Costs, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the Organizational Documents of the Funds, as applicable. If multiple Funds evaluate a potential investment that is not consummated, the Adviser generally allocates fees and expenses generated in the course of evaluating such investment among such Funds based on the capital commitments to such Fund. Such expenses typically are not allocated to Co-Investment Vehicles.

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 reimbursed for certain expenses. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

### **Carried Interest Payments**

Please see Item 6 below regarding “Carried Interest” that Funds may pay.

### **Brokerage Fees**

Although the Adviser does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other 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 each Fund other than Associates Funds and certain Co-Investment Vehicles, a portion of the profits of each such Fund is distributed to its General Partner, if any, as “carried interest” (the “Carried Interest”). Each General Partner of a Fund is a related person of the Adviser.

Carried Interest paid by a Main Fund is indirectly borne by any Feeder Vehicles that invest in such Main Fund and by investors in such Main Fund and Feeder Vehicles.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Adviser to disproportionately allocate time, services or functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or 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 (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please see Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

## **Item 7. Types of Clients**

The Adviser currently provides investment supervisory services to the Funds (other than certain Co-Investment Vehicles). Investment advice is provided directly to the Funds and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and may include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, sovereign wealth funds, corporations, limited partnerships and limited liability companies or other entities.

The Adviser does not have a minimum size for a Fund, but minimum investment commitments may 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 Organizational Documents of such Fund.

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

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

The Adviser typically makes investments in equity and equity-related securities of middle market companies with enterprise values between \$200 million and \$1.5 billion and seeks to provide equity capital of \$100 million to \$500 million. The Adviser principally focuses on controlling private equity investments in management buyouts and recapitalizations and seeks to generate attractive rates of return for its investors by improving the operating performance of its portfolio companies by implementing operating and strategic changes to improve efficiency, increase revenue and cash flow and create incremental equity value, rather than relying only on financial engineering.

The Adviser's primary focus to date has been on traditional manufacturing and service companies. The Adviser has developed particular sourcing and execution expertise within three industry categories: industrial manufacturing; consumer products; and services (business services, healthcare services and financial services).

The Adviser devotes careful attention to due diligence, transaction execution, and investment monitoring. The investment team works closely with management to understand the company's business and markets. They also perform business, legal and accounting due diligence, culminating with the preparation of a business plan. The management of each portfolio company is responsible for seeking to achieve the performance targets set forth in this plan. The Adviser's professionals provide ongoing support in the areas of corporate finance, acquisitions and long-term strategic planning.

The Adviser begins this process during due diligence, whereby it seeks to identify and quantify opportunities for operational improvement, revenue enhancement and business repositioning. The Adviser's diligence culminates in a strategic plan for the portfolio company to be implemented under the Adviser's ownership tenure. The Adviser implements its strategy through the following three phases:

- *Enhancement of Management Capabilities.*
- *Implementation of Operational Improvement Plan; and*
- *Targeted Growth and Business Repositioning.*

## **Risks**

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

In addition, material risks relating to 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:

### *Recent Financial Market Fluctuations.*

In recent years, U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility and instability. These financial market fluctuations have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments and the value of the investments held by the Funds. Instability in the securities markets and economic conditions generally may also increase the risks inherent in the Funds' investments. The public securities markets have seen increased volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and the ongoing financial turmoil. It is unclear what the repercussions of this market turmoil may be. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions. There can be no assurance that the market will, in the future, become more liquid than

it is at present and it may well continue to be volatile for the foreseeable future. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable to a Fund to sell these securities when the Adviser believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more of a Fund's portfolio companies. The ability of portfolio companies to refinance debt securities depends on their ability to sell new securities in the public high yield debt market or otherwise.

#### *Lack of Liquidity of Investments*

A Fund's ability to liquidate certain of its investments in portfolio companies may be limited, as such companies will generally be privately held and the Fund may own a relatively large percentage of the issuers' equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. These limitations on the liquidity of a Fund's investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized in any sale. In addition, a Fund generally will acquire securities in private companies that cannot be sold except pursuant to registration statement filed under the Securities Act or in a private placement or other transaction exempt from the registration under the Securities Act. Unless such a portfolio company registers its shares under the Securities Act, a public sale of such shares will not be available to a Fund, which must then rely on other means to achieve liquidity. A Fund may also be precluded from selling its shares in a public portfolio company for some time after its initial public offering.

#### *Valuation of Assets*

There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments in accordance with accounting principles generally accepted in the United States of America. 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 may ultimately be sold. Third-party pricing information may at times not be available for certain Fund's assets. With respect to the Funds, the exercise of discretion in valuation by the Adviser gives rise to conflicts of interest, as the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

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

The Funds typically only participate in a limited number of portfolio investments and, as a consequence, the aggregate return of a Fund may be substantially adversely affected by the unfavorable performance of even a single portfolio investment. The ability of a Fund's General Partner to satisfactorily achieve diversification is uncertain and failure to do so could adversely affect the performance of a Fund.

#### *Dependence on Key Personnel*

A Fund's limited partners will have no right or power to participate in the management of the Fund. A Fund's limited partners must rely on the Fund's General Partner to make investment decisions consistent with such Fund's investment objectives and policies, negotiate and structure the Fund's investments, administer, monitor and add value to the portfolio companies and dispose of such investments. The success of a Fund will depend significantly on the principals of the Adviser. There can be no assurance that the principals or other employees of the Adviser will continue to be employed by the Adviser throughout the life of a Fund. The loss of key personnel could have a material adverse effect on a Fund.

#### *Reliance on Portfolio Company Management*

Although the Adviser intends for each Fund to invest in companies with strong and stable management, there can be no assurance that the existing management team of a portfolio company, or any new team, will be able to operate such company successfully. Furthermore, although a Fund's General Partner will monitor the performance of each portfolio company, it will be primarily the responsibility of company management to operate the business on a day-to-day basis.

#### *Highly Competitive Market for Investments*

The business of identifying, negotiating, acquiring, monitoring, managing and selling investments is highly competitive, and involves a high degree of uncertainty. Each Fund will encounter competition from other persons or entities with similar investment objectives. These competitors include other investment partnerships as well as corporations, business development companies, leveraged buyout entities, small business investment companies, large industrial and financial companies investing directly or through affiliates, foreign investors of various types and individuals.

### *Financial Turmoil*

Investments in many industries have experienced significant volatility over the last several years and, in particular, unusual and significant economic instability since 2008. The securities markets have seen significant volatility and the ability of companies to obtain financing for ongoing operations or expansions may be severely hampered by the tightening of the credit markets and/or financial turmoil. While overall economic and financial market conditions have begun to slowly improve from the depths of the significant recession begun in the latter half of the last decade, recently there has been concern about the prospects for growth in the U.S. economic and other economies. There can be no assurance that such improvement will continue or that market conditions will not begin to deteriorate once again. The ability to realize investments depends not only on the portfolio companies and their historical results and prospects, but also on political, market and economic conditions at the time of realization of such investments. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when it believes it is most advantageous to do so, or without adversely affecting the stock price. In addition, in the past, many private equity funds have looked to the public securities markets as an exit strategy and there can be no assurance, particularly given the possibility of volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that a Fund will be able to exit from its investments in a portfolio company by listing shares on a securities exchange in the U.S. or abroad.

Volatility in the financial sector may materially adversely affect the ability of a Fund to buy, sell and partially dispose of its portfolio investments, when the Adviser would otherwise believe it to be advantageous to do so or when required to sell or partially dispose of portfolio investments. In addition, volatility in political, market or economic conditions, including an outbreak or escalation of major hostilities, declarations of war, terrorist actions or other substantial national or international calamities or emergencies, could have a material adverse effect upon a Fund and its portfolio companies.

### *Coronavirus Outbreak Risks.*

The global outbreak of the 2019 novel coronavirus (“COVID-19”), together with resulting voluntary and U.S. federal and state and non-U.S. governmental actions, including, without limitation, mandatory business closures, public gathering limitations, restrictions on travel and quarantines, has meaningfully disrupted the global economy and markets. COVID-19 has and is expected to continue to have ongoing material adverse effects across many, if not all, aspects of the regional, national and global economy. In particular, the COVID-19 outbreak has already adversely affected, and will continue to adversely affect, the Fund’s investments and the industries in which they operate. Furthermore, the Adviser’s ability to operate effectively, including the ability of its personnel or its service providers and other contractors to function, communicate and travel to the extent necessary to carry out the Funds’ investment strategies and objectives and the Adviser’s business and to satisfy its obligations to the funds, their investors, and pursuant to applicable law, has been, and will continue to be, impaired. The spread of COVID-19 among the Adviser’s personnel and its service providers would also significantly affect the Adviser’s ability to properly oversee the affairs of the Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), which could result in a temporary or permanent suspension of a Fund’s investment activities or operations. The full

effects, duration and costs of the COVID-19 pandemic are impossible to predict, and the circumstances surrounding the COVID-19 pandemic will continue to evolve.

### *Foreign Investment Risk*

The Adviser focuses on investments in companies headquartered in North America. To the extent the Adviser makes investments outside of the United States, the Funds will be exposed to foreign currency exchange rate risk and foreign currency convertibility risk. Market rates of exchange are influenced by many factors that neither the Adviser nor the Funds can control, including, among others, government intervention.

### *Stressed and Distressed Investments*

Investments in stressed and distressed companies may trade significantly below par, are considered speculative, and entail substantial inherent risks (which are generally significantly higher than the risks involved in investing in other companies). In particular, defaulted obligations might be repaid, if at all, only after lengthy workout or bankruptcy proceedings, during which the issuer might not make any interest or other payments, the amount of any recovery may be affected by the relative security of a Fund's investment in the issuer's capital structure, and the recovery could be in the form of instruments or interests different from the instrument or interest providing the basis for the claim and on terms that may differ from prevailing market terms for similar instruments or interests.

### *Leverage*

The leveraged capital structures of a Fund's investments may increase the exposure to adverse economic factors such as rising interest rates, downturns in the economy or deterioration in the condition of a portfolio company or its industry. In the event a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of the investing Fund's equity investment in such company could be significantly reduced or even eliminated.

### *Interest Rate and Credit Risk*

Leveraged private equity investments are subject to increases in prevailing interest rates which may increase the borrowing costs of portfolio companies, reduce free cash flow, and limit business growth. In addition, debt securities are subject to the risk that the issuer will default on an interest or principal payment. Neither the Adviser nor the Funds can control the factors that influence interest rate risk and credit risk.

### *Risk of Majority Positions*

A Fund may have a controlling interest in a portfolio company (because of its equity ownership, representation on the board of directors and/or contractual rights) either on its own or, in certain cases, with another financial partner or investment fund. The exercise of control over a company may impose additional risks of liability for environmental damage, product defects, failure to

supervise management, pension and other fringe benefits, violation of governmental regulations (including securities laws) or other types of related liability. If these liabilities were to arise, the Fund might suffer a significant loss in such investment.

To the extent that a Fund owns a controlling stake in or is deemed an affiliate of a particular company, it may also be subject to certain additional bankruptcy or securities laws restrictions that could affect both the liquidity of the Fund's interest and the Fund's ability to liquidate its interest without adversely impacting the price thereof, including insider trading restrictions, the affiliate sale restrictions of Rule 144 of the Securities Act and the disclosure requirements of Sections 13 and 16 of the U.S. Securities Exchange Act of 1934, as amended. Further, to the extent that affiliates of the Fund are subject to such restrictions, the Fund, by virtue of its affiliation with such entities, may be similarly restricted, regardless of whether the Fund stands to benefit from such affiliate's ownership.

#### *Risk of Minority Positions*

If, as part of its overall investment strategy, a Fund elects at any time to hold a minority position in one or more portfolio companies, it may not be able to exercise control over such companies.

#### *Risks Upon Disposition of Investments*

In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. A Fund may also be required to indemnify the purchasers of such portfolio company or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate or misleading. These arrangements may result in contingent liabilities, which may ultimately have to be funded by such Fund's partners. A Fund's partnership agreement or similar organizational document may contain provisions requiring a Fund's limited partners to make specified contributions in the event of any such claim in respect of a portfolio company.

#### *Conflicts of Interest*

Affiliates of a Fund's General Partner engage in a broad spectrum of activities. As a result, there may arise instances where the interests of such General Partner or one of its affiliates conflicts with the interests of a Fund and/or its limited partners. Each Fund's General Partner will endeavor to ensure that these conflicts do not work to the detriment of the Fund. If a conflict such as this arises, it may be presented to a Fund's advisory committee, if any, for review. For a description of material conflicts of interest and a description of how such conflicts are addressed, please see Item 11 below.

#### *Absence of Regulatory Oversight*

The Funds are not required and do not intend to register as investment companies under the 1940 Act. Accordingly, the Funds' limited partners are not accorded the protections that would have

been available to them if such entities were registered under the 1940 Act. Additional regulatory and tax risk considerations, including those of foreign and domestic bodies, are disclosed in the offering documents of each Fund, as applicable.

### *Operating Partners*

The Adviser may have formal arrangements with certain Operations Support Providers (as defined below) that may be terminable upon notice by either party, or it may have informal arrangements with such persons. The nature of each relationship and time devotion requirements will vary significantly among the Operations Support Providers. There can be no assurance that any of the Operations Support Providers will maintain their anticipated time commitment or continue to serve in such capacities with respect to the Funds and the portfolio companies and/or that the Adviser will be able to procure additional Operations Support Providers in the future.

### *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. These systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Adviser and the Funds' service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Fund and its investors. 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 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 the Funds, the Adviser or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. 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, 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.

### *Follow-On Investments*

The Funds may be presented with the opportunity to make additional, "follow-on" investments in their existing portfolio companies, either because a portfolio company's performance and/or liquidity has been below expectations or because additional capital is required to fund growth. There can be no assurance that a Fund will desire to make follow-on investments or that it will

have sufficient funds to do so. Any decision by a Fund not to make follow-on investments or its inability to make them may have a substantial negative impact on a portfolio company in need of such an investment and may dilute such Fund's existing investment and/or may diminish the Fund's ability to influence the portfolio company's future development.

#### *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.

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

While ESG is only one of the many factors the Adviser will consider in making an investment, there is no guarantee that the Adviser will successfully implement and make investments in companies in a manner that creates positive environmental, social or governance ("ESG") impact while enhancing long-term shareholder value and achieving financial returns. To the extent that the Adviser engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the Adviser will depend on the Adviser's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the Adviser's view of certain ESG-related and other factors, and carries the risk that the Adviser may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by the Adviser.

Consideration of ESG factors may affect the Adviser's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact the Adviser's performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by the Adviser or any judgment exercised by the Adviser will reflect the beliefs or values of any particular investor. In evaluating a company, the Adviser is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause the Adviser to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by

region, industry and issue and are evolving accordingly, and a company's ESG-related practices or the Adviser's assessment of such practices may change over time.

#### *United Kingdom Exit from the European Union*

The United Kingdom (the "UK") left the European Union (the "EU") on January 31, 2020 (commonly referred to as "Brexit"). During an 11 month transition period, the UK and the EU agreed to a Trade and Cooperation Agreement which sets out the agreement for certain parts of the future relationship between the EU and the UK from January 1, 2021. The Trade and Cooperation Agreement does not provide the UK with the same level of rights or access to all goods and services in the EU as the UK previously maintained as a member of the EU and during the transition period. In particular the Trade and Cooperation Agreement does not include an agreement on financial services which is yet to be agreed. Accordingly, uncertainty remains in certain areas as to the future relationship between the UK and the EU.

From January 1, 2021, EU laws ceased to apply in the UK. However, many EU laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced or amended. Depending on the terms of any future agreement between the EU and the UK on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Funds and their investments. Such changes could be materially detrimental to investors.

The uncertainty caused by the UK's departure from the EU could lead to prolonged political, legal, regulatory, tax and economic uncertainty and wider instability and volatility in the financial markets of the UK and more broadly across Europe. It may also lead to weakening corporate and financial confidence in such markets as the UK renegotiates the regulation of the provision of financial services within and to persons in the EU. Brexit could lead to market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Adviser, the general partners and their affiliates to manage, operate and invest in the Funds and increased legal, regulatory or compliance burden for the Adviser, the General Partners, their affiliates and/or each Fund, each of which may have a negative impact on the operations, financial condition, returns or prospects of each Fund.

#### *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.

## **Item 9. Disciplinary Information**

The Adviser and its employees have not been involved in any legal or disciplinary events in the past 10 years that would be material to an investor's evaluation of the Adviser or its personnel.

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

### **Related General Partners**

Various entities (the "General Partners") serve as general partners of the Funds and are typically owned by the principals and certain employees of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the General Partners, 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 (the "Code") that has been designed to help detect, address and avoid potential conflicts of interests and which is designed to comply with Rule 204A-1 under the Advisers Act ("Rule 204A-1"). For purposes of Rule 204A-1, all the Adviser's members, officers, employees, and other personnel of the Adviser, as well as members, principals, officers and employees and other personnel of its affiliates and certain independent contractors, which include the Operating Partners (as defined below), are designated as "access persons" ("Access Persons").

Rule 204A-1 requires the Adviser to adopt a code of ethics that sets forth a standard of business conduct and compliance with federal securities laws by all Access Persons. Policies and procedures have been adopted to ensure compliance with the provisions of the Code and Rule 204A-1, including certain pre-clearance and reporting obligations of personal securities transactions. Access Persons are generally not permitted to trade in the securities of companies maintained on the Adviser's restricted list. From time to time, Access Persons may personally acquire or trade in the securities of companies that are being invested in or considered by the Funds

as well as companies that strategically overlap with investments of the Funds or are being considered for the Funds. The Adviser typically evaluates these types of circumstances on a case by case basis to determine if any action is required to be taken, *e.g.*, divestiture of the investment by the Access Person, refusal of the Access Person from all aspects relating to the investment decision process on behalf of a Fund, among other actions.

Adviser Personnel are required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available upon request. Please contact the Adviser directly or send a written request to: Kohlberg & Co., L.L.C., 111 Radio Circle, Mt. Kisco, NY 10549.

### **Participation or Interest in Client Transactions**

The Adviser and certain employees and affiliates of the Adviser have in the past and may in the future invest in and alongside the Funds, either through the General Partners, as direct investors in the Funds or otherwise. A Fund or its General Partner, as applicable, has in the past and may in the future reduce all or a portion of the Advisory Fee and 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 potential investors in a Co-Investment Vehicle or purchaser of a limited partner’s interests in a secondary transaction) may ask different questions and request different information, the Adviser has in the past and may in the future 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 account and for the account 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 its activities, the interests of a Fund will, from time to time, conflict with the interests of the Adviser, other Funds 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.

#### *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 will 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 generally mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant Organizational Documents for the Funds;
- (3) Generally, each Main 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;
- (4) 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;
- (5) The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- (6) Prior to subscribing for interests in a Fund (except for certain Co-Investment Vehicles or an Associates Fund), each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In addition, certain provisions of a Fund's Organizational Documents are designed to protect the interests of investors in situations where conflicts may exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may 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 necessarily describe all of the conflicts that may be faced by a Fund. Other conflicts are disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

### *Allocation of Investment Opportunities*

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

- The Main Funds, which may include Main 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 Fund(s) or in a limited subset of such investments);

- Any Alternative Investment Vehicles that have been formed to address, for example, specific tax, legal, business, accounting or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any co-investors or Co-Investment Vehicles that have been formed to invest side-by-side with one or more Main Funds in particular transactions entered into by such Main Fund(s) (the co-investors or investors in such Co-Investment Vehicles have in the past and may in the future include individuals and entities that are also investors in one or more Funds and/or individuals and entities that are not investors in any Funds (“Third Parties”));
- Any Associates Funds that invest side-by-side with one or more of the Main Funds and have been formed to facilitate investments by certain business associates and other “friends and family” of the Adviser or its personnel (such investors, “Adviser Investors”);
- 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 Fund(s); and
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

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 the Fund’s Organizational Documents. 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 seek to allocate investments in a fair and equitable manner. 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 allocating investment opportunities among the Funds, the Adviser will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund. The application of the Investment Allocation Requirements in the case of an allocation of an investment to a co-investor or a Co-Investment Vehicle will result in allocation on a non-pro rata basis and there can be no assurance that any Fund will participate in all investment opportunities that fall within its investment objectives.

In addition, principal executive officers, members, employees and other personnel of the Adviser invest indirectly in and have been and may in the future be permitted to invest directly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund and may create an incentive to allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence

of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

With respect to allocating other expenses among Fund(s), Co-Investment Vehicles, Adviser Investors and/or Third Parties as appropriate, to the extent not addressed in the Organizational Documents of a Fund, the Adviser will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation. The Adviser will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

#### *Allocation of Co-Investment Opportunities and Secondary Transactions*

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 co-investors pursuant to the procedures included in such Funds' Organizational Documents or, to the extent not addressed in such Funds' Organizational Documents, in accordance with the following paragraph. There may be circumstances where an amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

Subject to any Investment Allocation Requirements or other specific agreements with an investor, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity and investing in a Fund does not give an investor any rights, entitlements or priorities to, co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities as well as the terms on which a co-investment is made, are made in the sole discretion of the Adviser or its related persons, (iii) co-investment opportunities have in the past and may in the future, and typically will, be offered to some and not to 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 co-investment opportunities than originally requested and an investor may be offered fewer co-investment opportunities than other investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, and (iv) certain persons other than investors in the Funds (e.g., other Funds managed by the Adviser, consultants, persons associated with a portfolio company and other Third Parties), including persons who the Adviser believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to the Adviser, a Fund and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise), have in the past and may in the future be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. Each 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 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 co-investment opportunity. However, the Adviser from time to time agrees to give particular investors, Funds, or other third parties priority access to co-investment opportunities. The existence of such priority co-investment or other contractual access rights could affect the Adviser's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Funds and potential co-investors, the Adviser will consider some or all of a wide range of factors, which include, but are not limited to, its own interests and/or one or more 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 investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the 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 investment opportunity in order to permit such potential co-investment party to evaluate the 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 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 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;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- The extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others;

- 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 portfolio company);
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- 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 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 investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating 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 sourcing, strategic or similar benefits) to current or future Funds and/or the Adviser and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds and/or the Adviser.

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 investment opportunities with respect to a particular investment among the investing persons, including the Funds, potential co-investors, Adviser Investors and Third Parties, 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. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial, and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. As an additional consequence, the Fund may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment. 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. 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 co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

The Adviser or its affiliates from time to time 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.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, or is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate a relationship that may provide indirectly longer-term benefits to current or future Funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens;
- A potential purchaser's investment into another Fund (including any commitment into a future fund);

- Requirements in such Fund's Organizational Documents; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

### *Conflicts Related to Purchases and Sales*

Conflicts arise when a Fund makes investments in conjunction with an investment being made by other Funds or in a transaction where another Fund has already made an investment. Investment opportunities are, from time to time, appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, 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, the terms of any work-out or restructuring or other concessions that may be given in such situation raise conflicts of interest, and the Adviser may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund.

In the event that one Fund has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

Certain clients of the Adviser and its affiliates may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of such Fund will, at times, conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio company. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds 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.

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 will 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 client of the Adviser in a portfolio company also raises the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser, or that a client may remain passive in a situation in which it is entitled to vote.

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. In addition, where more than one Fund of the Adviser (or its affiliates) invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. For example, because the Adviser has 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 application of a Fund's Organizational Documents 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 Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore often have additional conflicting interests in connection with these investments. 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 conflict not existed.

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

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and (b) full guarantee arrangements where such Fund agrees to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain Co-Investment Vehicles with investments contractually tied to the Fund (including Co-Investment Vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds’ Organizational Documents or otherwise), such Co-Investment Vehicles are generally not direct parties to the equity commitment arrangements or guarantees and, in any event, are not obligated to pay their proposed share of any reverse termination fee. Therefore, in the unlikely event that a co-investment vehicle defaults on an arrangement with the Fund to pay its proportionate share of the equity purchase price (if any) or such an arrangement does not exist, the Fund would be held responsible for the entire equity purchase price or other applicable obligations.

#### *Cross-Transactions*

In certain cases, the Adviser will, from time to time, cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. 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) will, from time to time 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 also are generally 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 (e.g., the Organizational Documents of certain Funds and their associated parallel fund(s) may provide for the rebalancing of investments at certain times and at a cost set forth in those Organizational Documents so that these Funds’ resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund and such parallel fund(s)). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser’s CCO, in consultation with the Adviser’s Managing Member, 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 on commercially reasonable terms, 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 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 certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

### *Management of the Funds*

The Adviser manages a number of Funds that have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different from (and potentially conflicting with), those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*” above. The Adviser may give advice or take actions with respect to the investments of one or more Funds 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 will generally not be able to invest through the same investment vehicles, or have access to similar credit or utilize similar investment strategies as another Fund. These differences will often result in variations with respect to price, leverage and associated costs of a particular investment opportunity.

In addition, it is 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 or to proprietary investments made by the Adviser and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and employees. These officers and employees have an incentive to allocate more time, services or functions to Funds from which such personnel derive a higher economic benefit and/or better performing funds.

In addition, 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 one 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 has in the past and is likely in the future to enter into

information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. The Adviser in certain instances uses this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain other Funds without compensating or otherwise benefitting the Fund or Funds from which such information was obtained. 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 has in the past utilized and is likely in the future to utilize such information to benefit the Adviser, its Affiliates or certain Funds in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances, but does not intend to specifically disclose such conflicts to the relevant Funds.

The Adviser and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow 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 decisions 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.

#### *Follow-on Investments*

Investments to finance follow-on acquisitions may 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 acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in re-leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest often arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

### *Conflicts Relating to the Adviser*

The Adviser has in the past and may in the future, in its discretion, contract with any related person of the Adviser (including but not limited to a portfolio company of a Fund) 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 has an incentive to recommend the related 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 has in the past and may in the future, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Adviser or 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, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates, have in the past and may in the future buy or sell securities or other instruments that the Adviser has recommended to Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by Funds. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments. 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 will have conflicting interests with respect to these investments. 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. Furthermore, officers, principals, employees and other related persons of the Adviser and its affiliates from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. While the significant interests of the officers and employees of the Adviser generally align the interests of such persons with those of the Funds, such persons may have interests that differ from those of the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity) creating conflicts of interest.

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.

A Fund may, from time to time, lend certain amounts to the Adviser and its affiliates with respect to its pro rata share of an investment in those circumstances in which such Fund is borrowing with respect to the investment on a short term basis. In such circumstances, the Adviser will ensure that any such lending by the Fund is made on a short term basis (based on the Adviser's reasonable

belief at the time the investment is made), and is on terms no more favorable to the Adviser than those applicable to the Fund's borrowing terms.

In addition, officers and employees may also buy securities and hold interests as passive investors in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds and/or which may invest in similar industries and sectors as the Funds. Such Adviser personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio companies as the Funds and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and, indirectly, themselves as investors in such investment vehicles. The transactions described above are subject to the policies and procedures set forth in the Adviser's Code of Ethics and investors will not benefit from any such investments.

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

### *Fee Structure*

Because there is a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Advisory Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Adviser would not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of many Funds are entitled to Carried Interest under the terms of the Organizational Documents of such Funds. Such General Partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation. However, the investment made by the Adviser or its affiliates in a Fund, the obligation of the General Partner to return excess distributions (as described below) and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the Adviser's personnel.

Pursuant to the Organizational Documents, the General Partner may be required to return excess distributions of Carried Interest. This obligation to return excess distributions may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in receipts of excess distributions by the General Partner.

Pursuant to the Organizational Documents, the General Partner may elect to receive its Carried Interest in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its Carried Interest and therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition of investments). The ability of the General partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund. These conflicts may be exacerbated due to the enhanced knowledge and information the General Partner has relative to the limited partners with respect to such securities.

#### *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 management fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions 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 be used for all partners in such Fund on a pro-rata basis, including the General Partner. The Funds will also utilize subscription facilities to benefit co-investment parties. For example, a Fund will borrow to fund a co-investment party's pro rata share of an investment or expense related to an investment. While 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 co-investment vehicles) benefit from the credit risk taken by the Fund's guarantee.

To the extent the Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, the Fund's use of borrowed funds will

impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. For certain Funds, 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 after 120 days from when such borrowing was made, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while the Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

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

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

#### *Diverse Membership*

The investors in the Funds are expected to include U.S. taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in a Fund. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for a Fund, 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 Portfolio Companies, 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 portfolio company services to other portfolio companies of the Funds or the

Adviser or which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser has 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 of the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Fund(s) and its portfolio companies receiving the service.

The Adviser generally has an incentive to recommend the products or services of certain investors in the Funds or prospective investors, 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. This creates a conflict of interest, as the Adviser may have an incentive to cause the portfolio company to favor itself, or 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.

Although unlikely, it is possible that a Fund's portfolio company may compete with, be a customer of, or be 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 the other portfolio companies or Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company may have adverse consequences to the portfolio company owned by another Fund. The performance and operations of a competitor, customer or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities or potential acquisition opportunities. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

In addition, certain portfolio companies controlled by a Fund have in the past, and may, from time to time in the future, engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations of certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws)

that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of a Fund and/or a portfolio company being used to satisfy the obligations or liabilities of another Fund or its 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 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 caused in the past and may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may 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 may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, servicing payments, 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 conflicts relating to such arrangements are mitigated 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 members of a Main Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in a 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 with commercially reasonable terms, as it deems appropriate.

The Adviser and its affiliates may, from time to time, hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although 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 may be a continuing appearance of a conflict of interest (including, for instance, preferential hiring practices).

While less common, from time to time a Fund could hold an investment in a different layer of the capital structure than an investor or another party with which the Adviser has a material relationship, in which case the Adviser could have an incentive to cause the Fund or the portfolio

company to offer more favorable terms to such parties (including, for instance, financing arrangements).

### *Service Providers*

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for various reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Adviser or its affiliates. This can create a conflict of interest because 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, asset management, information technology, software licensing, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, legal, valuation, human resources, client services, compliance, corporate secretarial, director services, 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 and the Adviser has no obligation to inform such Funds or investors of such a change. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the Funds to the extent permitted by the applicable Organizational Document.

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 in the due diligence and acquisition process. Such service providers or their affiliates are, in certain circumstances, investors in a Fund and may include, for example, investment or commercial bankers, outside legal counsel, pension consultants and/or other investors who provide services (including mezzanine and/or other lending arrangements) to the Adviser, the Funds, the portfolio companies and/or businesses that are competitors of the Adviser. 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 preferred economics, enhanced information 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.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives, may have ownership, employment or other interests in, or may receive certain benefits from, such service providers. These relationships that an Adviser may have with a service provider 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 interested or will provide other services that are beneficial to the Adviser and/or 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). Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain other service providers to the Adviser, the Funds and/or the portfolio companies, or affiliates of such service providers, 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 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.

Service providers to the Adviser or its affiliates 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 upon 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 their portfolio companies, the Adviser and its affiliates will pay different rates and fees than those paid by the Funds and/or their 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 have in the past and may in the future be seconded to the Adviser or its affiliates on a temporary basis or serve in an internship capacity, 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 under certain circumstances 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. The Advisory Fee will not be reduced or offset as a result of these arrangements or any fees, expense reimbursements or other costs related thereto. 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 providers or the Funds and not the Adviser or its affiliates.

#### *Providers of Operations Support*

The Adviser and the portfolio companies of one or more of the Funds will from time to time retain other companies and individuals ("Operations Support Providers"), which have in the past and may in the future be employees or former employees of the Adviser, affiliates or members of the General Partner, employees of such affiliates, portfolio companies of other Funds, third party

consultants (including specialized consultants, external executives, advisers, industry specialists and industry advisory roundtable members and similar professionals), Operating Partners and/or other individuals in similar operating roles, or “Senior Advisors”. The Operations Support Providers are engaged to provide operational support, due diligence, research, specialized operations and consulting services and similar or related services to the Funds, or in connection with one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies and, from time to time also provide “front office” functions with respect to a Fund, such as sourcing or other investment-related functions (such services collectively, “Operations Support Services”). These services may be high level insight or extensive day-to-day roles and have in the past and may in the future include support to the General Partner on behalf of the Funds, or portfolio companies regarding, among other things, the company’s management (including serving in management positions or participating in determining corporate strategy), the company’s supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

The nature of the relationship with each such Operations Support Provider and the time devotion requirements of each such Operations Support Provider may vary significantly. Certain Operations Support Providers may be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be, and in some circumstances are, informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. In certain cases, Operations Support Providers have attributes of Adviser Personnel (for instance, they may have dedicated office space, receive Adviser administrative support services, participate in general meetings or events for Adviser personnel, have Adviser e-mail addresses or business cards), even though they are not employees, affiliates or personnel of the Adviser. Operations Support Providers may be offered the ability (or may have a preferred right) to co-invest alongside Funds or may be offered the opportunity directly by the portfolio company to invest in the company, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Fees, compensation, expenses and attributable overhead associated with Operations Support Services (“Operations Fees & Expenses”) have in the past and may in the future be paid and/or reimbursed by the Adviser, portfolio companies and/or the Funds. Operations Fees & Expenses (including Operations Fees & Expenses incurred in connection with an affiliated Operations Support Provider that is an affiliate or employee of the Adviser or its affiliates) may be determined at the discretion of the General Partner taking into account the particular Operations Support Services, may include reimbursement of an allocable portion of an affiliated Operation Support Providers compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation rent, property taxes and utilities allocable to the workspaces), an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on pre-determined targets or milestones, a profits or equity interest in the Funds

and/or portfolio company or other incentive-based compensation (including Carried Interest in respect of a Fund) to the Operations Support Provider, and will otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the General Partner. Operations Fees & Expenses have in the past been and may in the future be incurred in respect of portfolio companies prior to the closing of the investment. To the extent services may be provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Fees & Expenses incurred in connection with such services are borne by the Fund and, indirectly, the investors in such Fund. In the event one or more Operations Support Providers (directly or indirectly) are providing services with respect to the Funds, such Operations Fees & Expenses will be allocated among the Funds as determined by the General Partner or Adviser consistent with the Organizational Documents of the applicable Fund, in a fair and equitable manner. To the extent any such Operations Fees & Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Fees & Expenses will be retained by such Operations Support Provider and will not reduce the Advisory Fee or any fees otherwise payable to the Adviser or its affiliates and will not benefit the Fund or its investors, even if the Operations Fees & Expenses have the effect of reducing any retainers or minimum amounts otherwise payable by the Adviser. The determination of whether an Operations Fee & Expense is paid by a portfolio company, a Fund or the Adviser will be made by the Adviser in its sole discretion. The General Partner's good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Fees & Expenses) and the allocation of such fees and expenses shall be binding on the Fund and its investors. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition to an Operations Support Provider role, which may shift the burden of compensation of such persons from the Adviser to the applicable Fund and/or its portfolio companies.

#### *Investment Professionals Positions with Portfolio Companies*

The Adviser's investment professionals have in the past and may in the future serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflict with the interests of the Fund, it is expected that generally the interests will be aligned. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material nonpublic information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an investment professional 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 investment professional may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Adviser Personnel serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciaries duties among the two portfolio companies may create a conflict of interest.

Such investment professionals are required to remit any remuneration they may receive as directors to the applicable Funds. 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.

Decisions made by a director may subject the Adviser, its affiliate or a Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify the Adviser and their partners, principals and employees from such claims. Furthermore, the employees of the Adviser serving as directors may make decisions for a portfolio company that negatively impacts returns received by a Fund investing in the portfolio company.

Certain personnel of the Adviser or its affiliates may also work for, 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.

### *Operating Partners*

Operating Partners are professionals engaged by the Adviser with an orientation towards the operations of portfolio companies ("Operating Partners"). Operating Partners receive compensation both from the Adviser and also directly from each portfolio company to which they are assigned. For agreeing to exclusively serve as an Operating Partner of the Adviser they receive a base salary (and in some cases, benefits) from the Adviser and share in a small percentage of the Carried Interest received by the General Partner of one or more Funds. In addition, Operating Partners have in the past and may in the future serve as a full-time or interim CEO of a portfolio company, for which they receive market-based salary, bonuses (usually annual and sometimes including transaction and success bonuses), and option grants. Operating Partners have in the past and may in the future also serve as Executive Chairman of the Board or Executive Committee of one or more portfolio companies, for which they receive a market-based salary, bonuses (again, usually annual and sometimes including signing or success bonuses), and option grants. Finally,

Operating Partners have in the past and may in the future serve as a director of one or more portfolio companies, for which they receive market-based director fees and/or option grants. No compensation paid to the Operating Partners by portfolio companies of the Funds (whether in cash or options) has ever been offset against management fees paid by the Funds to the Adviser.

In addition to sitting on the boards of directors of certain portfolio companies of the Funds, Operating Partners may also sit on the board of directors of other public or private companies which are not portfolio companies of the Funds (“Outside Companies”). Such Outside Companies may, in certain instances, strategically overlap with current or prospective portfolio companies of the Funds. Operating Partners must report their service on any board of directors of an Outside Company to the Adviser to assist the Adviser in identifying actual or potential conflicts of interest.

#### *Side Letter Agreements; Advisory Committee Rights*

The Adviser has in the past and may in the future 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 and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, tax, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of legal, tax and regulatory considerations applicable to a particular investor, 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.

Generally, each Main Fund has established an advisory committee, consisting of representatives of investors. A conflict of interest may exist when some, but not all, limited partners are permitted to designate a member to the advisory committee because those designating limited partners will, for instance, have greater information rights. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Main Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives on 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 a member of another Fund’s advisory committee. In such instances, a conflict of interests exists because the Funds in respect of such overlapping advisory committees may have conflicting interests and such overlapping advisory committee members may be requested to provide their consent with respect to such conflicts of interest and may not recuse themselves from any such vote.

### *Other Potential Conflicts*

The Organizational Documents of a Fund establish complex arrangements among the Funds, 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 generally engage common legal counsel and other advisers 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 have in the past and may in the future be investors in a Fund, and have in the past and may in the future 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.

The Adviser, its personnel and the Funds have in the past and may in the future engage other common service providers. In such circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, its personnel, the Funds, and/or the portfolio companies. This may result in the Adviser or its personnel receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser or its personnel receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, its personnel and the Funds in determining whether to engage such service providers, including the possibility that the Adviser favors the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds. Neither the Funds nor the investors in the Funds will receive the benefits of any such favorable rate or discount provided to the Adviser, its personnel or its affiliates and the Advisory Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

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 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.

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.

The partnership agreements (or analogous organizational documents) of certain Funds permit each such Fund’s General Partner to withhold information from certain limited partners or investors in such Fund in certain circumstances. 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.

Certain portfolio companies of the Funds are, or have been, counterparties or participants in agreements, transactions or other arrangements with the Adviser, its affiliates, other portfolio companies of the Adviser’s clients, to receive favorable procurement terms, including fees, servicing payments, rebates, discounts or other financial benefits. The Adviser is often eligible to receive favorable terms for its procurement due in part to the involvement of its portfolio companies in such arrangements, and any discounted amounts will not be subject to Advisory Fee offsets or otherwise shared with the relevant Funds.

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 Funds invest primarily in private equity ventures, 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.

The Adviser's business focuses on acquiring private companies. Accordingly, it does not typically trade in public securities. In the limited circumstances where the Adviser purchases public securities as part of a private equity transaction or has such securities as a result of a portfolio company going public, the Adviser will attempt to utilize the services of a broker or dealer that provides the best overall qualitative and quantitative benefits to the Funds.

The Adviser does not have any formal soft dollar arrangements or other arrangements that would commit the Funds to any specific or implied level of trading. As an institutional money manager, the Adviser may receive access to research made available through brokerage counterparties or investment banks. The Adviser believes this research is available to all institutional money managers of similar size.

The Adviser strives to select broker-dealers, investment banks, financial intermediaries and other key service providers that provide the Funds with favorable execution capabilities and qualities. Certain entities are utilized for the Funds due to their presence in specific markets and their ability to trade certain securities or complete specialized types of transactions. Research or additional ancillary services not associated with the transaction provided by such service providers is not a determining factor for engaging a particular service provider.

## **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 by a team of investment professionals on a periodic basis. The team generally includes a Partner of the Adviser and other investment professionals of the Adviser. Moreover, the Managing Partner and Chief Investment Officer of the Adviser are designated to monitor portfolio company performance. This provides a second level of review of each client portfolio company on a continual basis.

### **Reporting**

Investors in the Funds (except for the Associates 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 or as soon as practicable thereafter, as well as quarterly summary unaudited reports within 45 days after each of the first three fiscal quarter ends or as soon as practicable thereafter. Investors in the Associates Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund or as soon as practicable thereafter. The Adviser and the applicable General Partner, if any, has in the past and may in the future 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 has in the past and may in the future, in certain instances, receive discounts on products and services provided by portfolio companies of Funds.

While not a client solicitation arrangement, the Adviser has in the past and may in the future 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. Advisory Fees received by the Adviser are generally reduced by the amount of such fees. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

#### **Item 15. Custody**

To the extent possible, the assets of the Funds are held in custody by unaffiliated qualified custodians including broker/dealers or banks. The Adviser is deemed to have access to investor accounts since its affiliates serve as the General Partners (or comparable positions of authority) of the Funds. Investors will not receive statements from the custodian. Instead, the Funds are subject to an annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board, and the audited financial statements are distributed to each Fund's investors. The audited financial statements are prepared in accordance with generally accepted accounting principles and distributed within 90 to 120 days of a Fund's fiscal year end.

#### **Item 16. Investment Discretion**

Investment advice is provided directly to the Funds and not individually to the investors in the Funds. 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, if any, are generally established in the Organizational Documents of the applicable Fund.

Co-Investment Vehicles and Alternative Investment Vehicles are generally established in order to invest alongside one or more Main Funds in a particular investment opportunity or opportunities, and the Adviser typically has limited discretion to invest the assets of the Co-Investment Vehicles or Alternative Investment Vehicles independent of the limitations as set forth in the organizational

documents of such Co-Investment Vehicle or Alternative Investment Vehicle and applicable Main Fund.

### **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 all other relevant facts and circumstances the Adviser determines to be appropriate at the time of the Vote. The Adviser does not permit decisions in respect of a Vote 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 Senior Management or the relevant Adviser investment professional, the costs associated with voting such Vote outweigh the benefits to the relevant Funds or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the relevant Funds.

Funds generally cannot direct the Adviser’s Vote.

Copies of relevant proxy logs, identifying how proxies were voted in connection with a Fund and copies of proxy voting policies are available to current investors upon written request to: Kohlberg & Co., L.L.C., 111 Radio Circle, Mt. Kisco, NY 10549.

### **Item 18. Financial Information**

The Adviser has not filed for bankruptcy and does not have any financial condition that would impair its ability to manage the Funds’ portfolios.

### **Item 19. Requirements for State-Registered Advisers**

Item 19 is not applicable to the Adviser.