

BDT Capital Partners, LLC

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

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

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

Item 2. Material Changes

This brochure is filed as the annual update to the Form ADV Part 2A of BDT Capital Partners, LLC. BDT Capital Partners, LLC last filed its Form ADV Part 2A with the SEC on March 30, 2020. This brochure contains routine updates from the last filed Form ADV Part 2A, as well as certain other updates, including those regarding fees and expenses, and conflicts of interest.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” means BDT Capital Partners, LLC, a Delaware limited liability company, together (where the context permits) with its affiliated general partners and managing members (hereinafter together referred to collectively as “general partners”) of the Funds (as defined below) and any other affiliates that provide investment management services to and/or receive investment management fees from the Funds. Such affiliates may or may not be under common control with BDT Capital Partners, LLC, but possess a substantial identity of personnel and/or equity owners with BDT Capital Partners, LLC. These affiliates will be formed for tax, regulatory or other purposes in connection with the organization of the Funds, or will serve as general partners of the Funds.

The Adviser provides investment management services to investment vehicles (the “Funds”) that are exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and whose securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). Fund investments will be made in privately-held or publicly-traded companies and are likely to include minority investments and control stakes, opportunistic investments in public and private debt, equity, hybrid securities, options and warrants as well as participating in “going private” transactions. In accordance with the Funds’ respective investment objectives, investments are generally made in family, founder and entrepreneur-controlled companies across a broad range of industries and geographic regions. The Adviser’s investment 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 serves as the investment adviser or general partner to the Funds in order to provide such services.

The Adviser provides investment management services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund and the separate investment management agreement (or analogous agreement) between the Adviser and such Fund (each, a “Management Agreement”).

Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable general partner, and not individually to the limited partners or members (hereinafter together referred to collectively as “investors”) in the Funds. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund or Management Agreements (such documents collectively, a Fund’s “Organizational Documents”).

The direct owners of BDT Capital Partners, LLC are BDT Partners, LP and BDTP GP, LLC. The Adviser has been in business since 2009. As of December 31, 2020, the Adviser manages a total of \$27,735,272,113 of client assets, which includes uncalled commitments, co-investment amounts and undistributed capital that has been redeployed, all of which is managed on a discretionary basis.

Item 5. Fees and Compensation

The Adviser or its affiliates generally receive Management Fees and Carried Interest (each as defined below) from a Fund. 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. 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.

Management Fees

As compensation for investment management services rendered to certain of the Funds, the Adviser receives a management fee (a “Management Fee”) which is calculated based on committed capital, called capital, and/or remaining invested capital with respect to such Fund, as set forth in the applicable Fund’s Organizational Documents. Management 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 excess organizational or other expenses borne by such Fund, as described in more detail below. Management Fees paid by a Fund, where applicable, are borne by investors in such Fund, subject to certain exceptions for investors affiliated with the general partner or the Adviser and as otherwise set forth in the Fund’s Organizational Documents. Notwithstanding that certain investors in the Funds that are affiliates of the Adviser, including partners, managing directors, principals, vice presidents or certain other employees of the Adviser (collectively, the “Adviser principals” which, for the avoidance of doubt, also includes any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) generally will not pay Management Fees, they will pay for their pro rata share of certain Fund expenses.

Management Fees billed to and received from the Funds are due as set forth in the Organizational Documents or as otherwise deemed appropriate from time to time by the applicable general partner; provided, that in no event shall the Management Fees be paid to the Adviser six months or more in advance. Upon termination of a Management Agreement, Management Fees that have been prepaid generally will be returned on a prorated basis.

The precise amount of, and the manner and calculation of, the Management Fee for each Fund where applicable are established by the Adviser, and are set forth in such Fund’s Organizational Documents and/or other documentation received by each investor prior to investment in such Fund. Fees differ from one Fund to another, as well as among investors in the same Fund, based on their relative contributions to certain of the Funds or affiliation with the Adviser and may not be disclosed to other investors in the same Fund. Some Funds do not pay Management Fees. The fee structures described herein may be modified from time to time. In addition, the Adviser may 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.

Any directors' fees, "break-up" fees or similar fees earned or received by the Adviser (excluding, for the avoidance of doubt, fees received by members of the BDT Advisory Board (formerly, the Senior Advisory Council) or any Operating Consultant) in connection with actual or prospective investments by the Fund generally are expected to be credited to the benefit of the Fund. The amount and manner of such credit, if any, is set forth in the Fund's Organizational Documents and/or other documentation received by each investor prior to investment in such Fund.

Other Fees

Fees Payable by the Portfolio Companies or their Affiliates

The Adviser and its affiliates perform advisory, transaction-related, financial advisory and other services ("Related Services") for, and receive fees from, actual or prospective portfolio companies or their affiliates, 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, private placements, public offerings, sales, divestments or other dispositions and similar transactions with respect to such portfolio companies. These fees may be substantial. Although these fees are distinct from and in addition to the Management Fee, they are not borne directly by the investors. The Adviser could in some circumstances reduce the amount of Management Fee or expenses paid by the applicable Fund in connection with the receipt of such fees or arrange for a portfolio company to credit the Fund with capital usage fees which may have the effect of reducing the cost basis of a Fund investment in such portfolio company. The amount, manner, and disclosure of such reduction is set forth in the Organizational Documents of the applicable Fund or security investment documents of a portfolio company.

In addition, the Adviser or its employees, on behalf of the Adviser, may receive stock of a portfolio company as compensation for services provided to such portfolio company other than for service on the board of such portfolio company. In the event of such a distribution or receipt of stock for such non-director services, the recipients, or Adviser, with respect to stock received as a transaction fee, may act in their own interest with respect to the shares 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 in its sole discretion. The ability of such recipients, or the Adviser, with respect to stock received as a transaction 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 because the recipient's interest may not be aligned with those of the Funds and the recipient may determine to sell the stock received at a different time, or on different terms, then the Fund would sell its interest. Employees of the Adviser may also serve on the boards of portfolio companies. For information on the Adviser's practice related to the receipt of stock of a portfolio company due to the service of an employee of the Adviser on the board of such portfolio company, please see Item 11 below.

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.

The payment of such other fees and reimbursements (as described below) by portfolio companies and prospective 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 are often substantial and the Funds and their investors generally do not have a direct interest in these fees and reimbursements. In instances where the Funds take a control position of a portfolio company, the Adviser determines the amount and timing of these other 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, and the amount of such fees and reimbursements often will not (except in connection with the reductions described herein) be disclosed to investors in the Funds.

Expenses

Adviser Expenses

Except as described below as a “Fund Expense”, the Adviser will bear the general overhead expenses of the Fund’s general partner and the Adviser, including salaries, bonuses and benefits of employees of the Fund’s general partner and the Adviser (other than Carried Interest described in Item 6 below), rent, certain entertainment and travel, office furniture, fixtures and computer equipment and the Adviser’s allocable share of costs and expenses of the BDT Advisory Board .

Generally, and except as otherwise set forth in the Organizational Documents of a Fund or the security investment documents of a portfolio company, the Adviser will ultimately bear all fees and out-of-pocket expenses of any placement agent that solicits investors for the Funds. The Funds will bear certain legal and other expenses, including the out-of-pocket expenses of the applicable general partner, incurred in the formation of the Funds up to an amount, if any, as set forth in the Organizational Documents of the applicable Fund. Organizational expenses in excess of this amount, if any, ultimately will be borne by the Adviser.

Fund Expenses

Consistent with the Organizational Documents of the Funds, each Fund will bear out-of-pocket costs and expenses of or for (a) organization of the Fund and offering of interests in the Fund (including printing and postage expenses, fees and disbursements of attorneys, accountants and other professionals, and other out-of-pocket fees and expenses, but excluding any placement fees) (subject to offset against any Management Fees payable, to the extent set forth in the Fund’s Organizational Documents); (b) maintaining the organizational existence of the Fund; (c) the Fund’s administrators, custodians, outside counsel, consultants (including but not limited to, Operations Expenses (as defined below)) as well as fees payable to Operating Consultants (as defined below), and consulting and advisory fees, which may be incurred by a Fund for the benefit of an investment), finders, accountants, investment bankers and other similar outside advisors; (d) brokerage, sale and depository expenses (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive); (e) sourcing, investigating, identifying, analyzing, pursuing, negotiating, consummating, acquiring, financing, holding, monitoring,

managing and selling any actual or potential investments for the Fund (regardless of whether such investments are consummated); (f) holding, managing or selling investments, including record-keeping expenses; (g) financial, tax and other reporting to the investors (including expenses relating to the preparing, printing and distributing of investor reports physically or electronically, and in the case of electronic distribution, the cost of software to electronically distribute such reports) and of any meetings of the foregoing and of the Fund's advisory committee (including set up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses) as well as other advisory committee expenses (including legal counsel, accountants, auditors, financial advisors or other advisors or experts retained to assist the advisory committee); (h) any taxes, fees or other governmental charges of the Fund; (i) the Management Fee; (j) the organization, management and operation of any alternative investment vehicle; (k) all other costs, obligations, liabilities and expenses of the Fund (whether paid directly by the Fund or by the Fund's general partner) (such as costs of insurance, costs of litigation, or other matters that are the subject of indemnification or contribution, the repayment of (or otherwise making payments in respect of) indebtedness incurred by the Fund, the Fund's allocable share of any costs and expenses of the BDT Advisory Board and the costs of winding-up and liquidating the Fund (but excluding expenses otherwise payable by the Adviser pursuant to the Fund's Management Agreement and other Organizational Documents of the Fund); (l) 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), (m) expenses incurred in connection with complying with provisions in investor side letter agreements, including "most favored nation" provisions; and (n) any other costs and expenses incurred by or on behalf of the Fund. For purposes of this brochure, "travel and travel-related" expenses shall be deemed to include, without limitation, expenses for commercial and non-commercial transportation costs (including chartered, private plane, first class or business class travel and private car travel), lodging and accommodations.

From time to time, the general partner of a Fund creates certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal and regulatory considerations of investors ("SPVs"). In the event the general partner creates an SPV, consistent with the Organizational Documents of the Fund, the SPV, and indirectly, the investors thereof, will typically bear all expenses related to its organization, formation, operational and other expenses, including, for instance, rent, overhead and compensation (including base salary and bonus) of employees associated with the SPV incurred solely for the benefit of the SPV. Expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain investors in the Fund (including, without limitation, expenses of accounting and tax services) may be borne by the Fund and indirectly, the investors thereof.

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.

Expense Reimbursement

A portfolio company may reimburse the Adviser for expenses, including without limitation (i) travel and travel-related expenses, (ii) meals and entertainment expenses (including, as applicable,

closing dinners and mementos, cars and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), (iii) expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), (iv) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), (v) indemnification expenses, (vi) certain legal expenses (including legal costs associated with reviewing financing documents and agreements, whether on behalf of a portfolio company or a lender) and similar out-of-pocket expenses, and (vii) consulting fees and other cash and non-cash compensation and expenses incurred by the Adviser in connection with its performance of services for such portfolio company. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

Co-Investment Vehicle Fees and Expenses

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors alongside the Fund, is 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 the making of 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). Additionally, 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 may be borne solely by the Fund or Funds selected by the Adviser as proposed investors for such proposed transaction, rather than the co-investment vehicle or other co-investor. Similarly, co-investment vehicles are not typically allocated any share of “break-up” fees paid or received in connection with such an unconsummated transaction. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, costs and 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.

Dead Deal Costs may include, among other things, legal, accounting, advisory, consulting or other third-party expenses, 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 investments, 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.

Providers of Operations Support

The Adviser, the Funds and/or the portfolio companies will from time to time retain operating partners, advisers, consultants and other similar professionals (“Operating Consultants”), which may be employees or former employees of the Adviser, affiliates of the general partner, employees or former employees of such affiliates, portfolio companies of other of the Adviser’s funds, third party consultants (including specialized consultants, advisers, industry specialists, external executives, and industry advisory roundtable members or similar professionals) who are engaged to provide operational support, specialized operations and consulting services or similar or related services to, or in connection with, the Fund or one or more portfolio investments or prospective portfolio investments (“Operations Support Services”). The nature of the relationship with each such Operating Consultant and the time devotion requirements of each such Operating Consultant may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Operations Support Services to be provided. In certain cases, Operating Consultants have attributes of Adviser employees (for instance, they may have dedicated office space, receive Adviser administrative support services, participate in general meetings or events for Adviser personnel, and have Adviser e-mail addresses or business cards), even though they are not employees, affiliates or personnel of the Adviser. Operating Consultants 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 investment to invest in the company, including in investments in which such Operating Consultant is involved or participates in the management thereof.

As permitted by Organizational Documents of the certain Funds, compensation, fees, expenses and any attributable overhead associated with Operations Support Services (“Operations Expenses”) are paid and/or reimbursed by the Adviser, portfolio companies and/or the applicable Funds. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operating Consultant) will 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 Operating Consultant’s compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspace), 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 (e.g., carried interest) to the Operating Consultant, 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 Operating Consultant, 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, in its good faith discretion. To the extent services may be provided for the benefit of a Fund, without reference to a particular portfolio company, Operations Expenses incurred in connection with such services are borne by the Fund (and indirectly, the investors in such Fund), to the extent permitted by a Fund’s Organizational Documents. To the extent any such Operations Expenses are payable to any Operating Consultant by a Fund or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to the Adviser or its affiliates or otherwise benefit the Fund or its investors, even if Operations Expenses paid by a Fund or a portfolio investment have the effect of reducing any retainers or minimum amounts

otherwise payable by the Adviser. The determination of whether an Operations Expense is paid by a portfolio company, a Fund or the Adviser is made by the Adviser in its sole discretion. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition to an Operating Consultant role, which may shift the burden of compensating such persons from the Adviser to the applicable Fund and/or its portfolio companies and any such fees received by such persons do not reduce the Management Fee.

Allocation of Expenses

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 will be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser will have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit. Such allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process.

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, generally pro rata based on the investment of each Fund.

The appropriate allocation between Funds and other persons of Dead Deal Costs will be determined by the Adviser in accordance with the applicable Organizational Documents and the Adviser's policies and procedures governing the allocation of fees and expenses related to investment opportunities. 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 anticipated investment of each Fund. Such expenses typically are not allocated to co-investment vehicles.

There may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment. A portion of such investment may be syndicated to other parties. Subject to the Organizational Documents, the borrowing Fund will bear the entire cost of the interest from the borrowing, even though the investment may ultimately be made by the Adviser, its affiliates, other Funds, co-investors or other third-parties. Any effort to syndicate an investment may not be successful.

With respect to allocating other expenses among Fund(s), co-investment vehicles, Adviser principals 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, despite 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. 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 Adviser, from time to time, may enter into arrangements with third-party advisers, consultants, and finders who provide services relating to deal-sourcing and investment opportunities, for which such advisers, consultants, and finders are paid compensation (including non-cash compensation, such as equity) or other fees. Any fees and expenses associated with such investment opportunities will be allocated to the applicable Fund(s), consistent with the allocation process described above.

Brokerage Fees

In the event the Adviser utilizes the services of third-party broker-dealers to effect securities transactions for the Funds, expenses that would otherwise be payable by the Fund may be reduced through the use of commission dollars. In the event that the Adviser chooses to use a broker-dealer in connection with an investment by a 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

For Funds subject to performance based fees as set forth in their Organizational Documents, generally, once a Fund has distributed to its investors their funded commitments, exclusive of Management Fees, plus a return on their funded commitments as set forth in the Fund's Organizational Documents, a portion of the profits of the Fund is distributed to its general partner, if any, as "carried interest" (the "Carried Interest") in accordance with the Fund's Organizational Documents. Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund, where applicable, is indirectly borne by investors in such Fund who are not affiliated with the Adviser as outlined in the Fund's Organizational Documents.

The payment by some, but not all, Funds of Carried Interest (for instance, certain co-investment vehicles may bear no 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 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. In certain cases, a Fund has in the past and may in the future distribute equity interests in a portfolio company or related entity in satisfaction of the general partner's Carried Interest. If that is the case, the Adviser may have different incentives regarding the timing or manner of realization of an investment than if the Carried Interest had remained allocated within such Fund structure.

Please also see Item 11 below regarding allocation 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 management services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the applicable general partner of each such Fund) 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, employees of the Adviser or its affiliates, institutions, 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 are generally 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. Investors with investment commitments below certain thresholds may incur Management Fees that are greater than the Management Fees paid by other investors.

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

Methods of Analysis and Investment Strategies

The Adviser principally focuses on situations where the Adviser believes it can provide attractive capital solutions to family, founder and entrepreneur-controlled companies. The Funds seek to make opportunistic investments across a broad range of industries and geographic regions, with investment guidelines that provide structuring flexibility. The Adviser’s affiliated financial services business occasionally generates investment opportunities for the Funds.

Fund investments will be made in privately-held and publicly-traded companies and include minority investments and control stakes, opportunistic investments in public and private debt, equity, hybrid securities, options and warrants as well as participating in “going private” transactions. The Adviser anticipates that many of the Funds’ investments will be structured with a longer maturity profile than is typical of private equity benchmarks. The Adviser expects to commit to certain investments on behalf of one or more Funds with a maturity profile of seven to thirteen years or more, although some investments will likely be shorter holds while others could potentially be longer.

Generally, the investment process for the Funds involves careful investment review and detailed due diligence, including an analysis of the competitive industry landscape, assessment of the management team and ownership structure, financial, accounting and tax review, legal and insurance due diligence and financial analysis. Throughout the entire evaluation process and prior to entering into any definitive agreement, transactions are reviewed and approved by the Adviser’s Investment Committee. The Adviser’s Investment Committee meets on a weekly basis with ad hoc sessions as needed, and maintains a dialogue on investments, active deals, and the longer-term investment pipeline while participating in active monitoring, valuations and portfolio review sessions. The Adviser anticipates that private and public investments across a range of structured and unstructured (majority and minority positions) securities will comprise the Funds’ investment portfolios.

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:

Financial Market Fluctuations

The Funds' investment programs are intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Funds operate may undergo substantial changes. General fluctuations in the market prices of securities may affect the value of the portfolio companies and instability in the securities markets will also likely increase the risks inherent in the portfolio companies. There can be no assurance that such economic and market conditions will be favorable in respect of both the investment and disposition activities of the Funds. The ability to realize investments held by the Funds depends not only on such investments 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 that the Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when the Adviser believes it is most advantageous to do so. 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 companies. The Funds may be adversely affected to the extent that they seek to dispose of any of their investments into an illiquid or volatile market, and a Fund or the Adviser 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. The ability of portfolio companies to refinance debt securities may depend on their ability to sell new securities in the public high yield debt market or otherwise access new sources of credit, including private lenders. The portfolio companies may depend on the availability of capital financed from third parties and to the extent such capital is not available, those of the portfolio companies that rely on such capital may be adversely impacted in a manner that they would not have been had they been able to access such capital. In addition, political measures taken in response to market practices or economic instability in the United States or abroad may have an adverse impact on the portfolio companies.

Valuation of Assets

To the extent described in a Fund's Organization Documents, its general partner may be required to perform a valuation of Fund assets outside the context of a negotiated third party transaction involving a disposition of such assets. Since there is no actively traded market for most of the securities owned by the Funds, the general partners will apply a methodology based on their best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to detailed 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. To the extent that the general partners are required to perform such valuations under any circumstances in which a general partner's interests are not fully aligned with those of all the investors, potential conflicts of interest may arise with respect to such valuations.

Risk of Equity Investments in Private Companies; Non-Controlling Interests

The Funds' investment portfolio is expected to consist primarily of securities issued by privately held companies. Generally, there will be no readily available market for trading such securities, which will limit the ability to monetize and value such investments. In addition, equity securities, even structured equity securities, are among the most junior in a company's capital structure and are subject to the greatest risk of loss. In general, the Fund will not seek collateral to protect an investment. Accordingly, the Funds' investments will involve a high degree of business and financial risk that can result in substantial losses, including loss of principal. There can be no assurances that any targeted rate of return will be achieved. In addition, it is expected that the Fund will often hold minority stakes in privately held companies. Such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

Limited Operating History; Past Performance Not Indicative

Certain of the Funds have limited operating history and will be entirely dependent on the Adviser. There can be no assurance that the Funds' investments will achieve results similar to those achieved by previous investments made or managed by the Adviser's employees. In addition, the Funds' investments may differ from previous investments made or managed by the Adviser's employees in a number of respects. The performance of previous investments (including the performance of predecessor funds) is not necessarily indicative of a Fund's future results.

Dependence on Key Personnel

The success of the relationship-based investment strategy utilized by the Funds depends in substantial part upon the individual Adviser principals and their skill and expertise. However, there can be no assurance that all of the Adviser principals will continue to be associated with the Adviser throughout the life of a Fund or that replacements will perform well. The loss of any one Adviser principal could materially and adversely affect the Funds and the performance of their investments.

Future Investments Unspecified

In order to enable the Funds to invest opportunistically across asset classes, industries and geographical regions, and consistent with the Funds' organizational documents, the Funds have retained significant flexibility in the types of investments that the Funds will be able to make. Consequently, the investments made by a Fund are not necessarily indicative of any future investments that may be made by a Fund and no information is being provided as to the nature or terms of any particular type of future investment, nor any analysis of the market conditions

generally applicable thereto. Investors must rely solely on the Adviser with respect to the selection, amount, character and economic merits of each potential investment. No assurance can be given that a Fund will be successful in obtaining suitable investments or in achieving any of a Fund's objectives.

Long-Term Nature of Investment; Illiquidity of Investments

An investment in a Fund requires a long-term commitment, with limited or no liquidity opportunities and no certainty of return. The return of capital and the realization of gains and other income, if any, from an investment may not occur until a number of years after such investment is made, if at all. It is not generally expected that the disposition of an investment will occur for a number of years after the initial investment is made. The Adviser will have sole and absolute discretion in structuring, negotiating, purchasing, financing and eventually divesting investments on behalf of a Fund subject to the provisions of the Fund's Organizational Documents. It is anticipated that many of a Fund's investments will be structured with a longer maturity profile than is typical of private equity benchmarks, which may further limit liquidity realization.

Reinvestment

Subject to the terms of the applicable Fund's Organizational Documents, proceeds from realized investments of a Fund may be retained by the Fund as determined by the Adviser and reinvested by such Fund, or, at any time during the term of the Fund, used by the Fund as determined by the Adviser for any other proper purpose. Accordingly, to the extent such retained amounts are reinvested, investors will remain subject to investment and other risks associated with such investments.

Regulatory Risk

The Funds may invest in regulated portfolio companies that are subject to any number of governmental licenses, permits or other approvals. A Fund may need the consent or approval of applicable regulatory authorities in order to acquire particular portfolio companies. Such regulatory authorities may also be required to approve or consent to certain aspects of a Fund's sale of such investments. In addition, the adoption of new laws or regulations, or changes in the interpretation of existing laws or regulations, could have an adverse effect on a Fund's investments. Such changes could necessitate the creation of new business models and the restructuring of investments to satisfy regulatory requirements, which may be costly and/or time-consuming. In connection with the regulatory approval, licensing or review process for any portfolio company, disclosures and other undertakings may be required from or in respect of the existing or prospective owners of such portfolio company, potentially including a Fund or in turn the investors in such Fund. Additionally, failure to obtain, or a delay in obtaining, certain required permits or approvals could hinder operation of a portfolio company and result in fines or additional costs for such entity, which could have an adverse effect on a Fund. Finally, investment in regulated portfolio companies may result in: (i) certain investors in the Fund being excused or excluded from participating in such investments in consultation with the Adviser as a result of the effects of such participation on such investors and/or the Fund, and/or (ii) limiting the Fund's ability to make other investments and/or take certain actions in connection with its investment activities.

Non-United States Investments

The Funds have invested, and may make additional investments, in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the Fund), the application of complex United States and non-United States tax rules to cross-border investments, possible imposition of non-United States taxes on the Funds and/or the investors with respect to the Funds' income, and possible non-United States tax return filing requirements for the Funds and/or the investors. Additional risks of non-United States investments may include, without limitation: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-United States companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to United States companies.

Fund Structure

The Funds include entities organized outside of the United States and which may be treated as partnerships or corporations for U.S. federal income tax purposes. In addition, the investors include taxable and tax-exempt entities and persons or entities organized in various jurisdictions. As a result, certain Funds and investors may be subject to additional risks, including with respect to application of non-U.S. laws, rules or regulations. Furthermore, certain Funds and investors may have differing return characteristics.

Competitive Market for Investment Opportunities

The activity of opportunistically identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. While the Adviser believes that there are currently available attractive investments of the type in which the Funds intend to invest, there can be no assurance that such investments will continue to be available or that then available investments will meet a Fund's investment criteria as such availability generally will be subject to market conditions. Over the past several years, an increasing number of competitors have been formed or expanded and additional funds with similar investment objectives may be formed or expanded in the future. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of opportunities available to the Funds; such supply-side competition may adversely affect the terms upon which investments can be made and, as a result, returns to investors may be impacted.

Limited Number of Investments; Lack of Diversity

Except as set forth in a Fund's Organizational Documents, a Fund is under no obligation to diversify its investments, whether by reference to the amount invested or the industries or geographical areas in which the investments are made. Accordingly, a Fund will participate in a limited number of investments and, as a consequence, the aggregate return of the Fund may be

substantially adversely affected by the unfavorable performance of even a single investment, although certain Funds' Organizational Documents and the Adviser's applicable compliance policies and procedures restrict the size of any single investment based on the total capital commitments or total investments. On any given investment, loss of all or a portion of the original amount of the investment is possible. Investors in a Fund have no assurance as to the degree of diversification in the Fund's investments, whether by geographic region, industry, asset or transaction type. To the extent a Fund concentrates investments in a particular issuer, industry, security or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In addition, the Funds expect to make a number of investments for which third party financing will be desirable but not necessarily available at the time of investment. There is significant risk that such financing may never become available, or that a refinancing will not be able to be completed on desirable terms. This could result in a Fund having a variety of unintended long-term investments and/or reduced diversification.

Leverage; Borrowing by a Fund or its Subsidiaries

A Fund may utilize leverage in connection with its investments and operations, subject to certain limitations. To the extent leverage can be obtained and is utilized, such leverage will introduce risk of unavailable refinancing and increase the exposure of an asset to adverse economic factors such as rising interest rates, further downturns in the economy or deterioration in the condition of the investment. A Fund will also be permitted to guarantee or provide credit support or similar assurances in respect of the obligations of its portfolio companies and, accordingly, the Fund may be materially and adversely affected to the extent such guarantees, support or assurances are called upon, including upon an event of default by any portfolio company in respect of any such obligations.

Debt Instruments Generally

Debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness, and there is generally no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions.

Contingent Liabilities on Disposition of Assets

In connection with the disposition of assets, an investment in a portfolio company or any other investment, a Fund may be required to make representations and warranties about the business and financial affairs and other aspects (such as environmental, property, tax, insurance and litigation) of itself and its assets, such portfolio company (or its assets) or such investment typical of those made in connection with the sale of a business or a portfolio of assets. A Fund also may be required to indemnify the purchasers of such assets or investments to the extent that any such representations and warranties are inaccurate or with respect to certain potential liabilities. These arrangements may result in the occurrence of actual and/or contingent Fund liabilities for which

the Adviser may need to establish reserves or escrows or delay the receipt of consideration paid in connection with such disposition. In that regard, investors in a Fund may be required to return amounts distributed to them to fund obligations of the Fund, including indemnity obligations, subject to certain limitations set forth in the Fund's Organizational Documents.

Investments Longer than a Fund's Term

A Fund may make investments which may not be advantageously disposed of prior to the date that the Fund will be dissolved, either by expiration of the Fund's term or otherwise. Due to the fact that the Adviser has a limited ability to extend the term of a Fund, a Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. Distributions in kind, which may be made in lieu of any such disposition at any time, could consist of assets or securities for which there is no readily available public market.

Reliance on Portfolio Company Management

Generally, a portfolio company's day-to-day operations are the responsibility of its management team. There can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company in accordance with a Fund's plans and/or objectives and the Fund may have limited approval rights over the decisions made by the management team. In addition, to the extent a Fund does not acquire controlling rights in a portfolio company, its ability to influence the management team may be further limited.

Uncertainty of Financial Projections

A Fund may rely upon projections developed by the Adviser or a portfolio company concerning the portfolio company's future performance, cash flow and operating results as well as projections prepared by third parties. Projections are inherently subject to uncertainty and factors beyond the control of the Adviser and the portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements, and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values and cash flow.

Additional Capital

Portfolio companies may require additional financing (including leverage) from sources outside a Fund to satisfy their capital requirements. The amount of additional financing needed will depend upon the business objectives and strategy of the particular company. The availability of capital may be a function of capital market conditions that are beyond the control of a Fund or any portfolio company. There can be no assurance that a portfolio company will be able to predict accurately its capital requirements or that additional funds will be available from the desired sources or from any sources or on terms favorable to the portfolio companies.

Market Conditions

Any change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of a Fund's investments. A Fund's performance can be affected by deterioration in public markets and by market events, which, among other things, can impact the

public market comparable earnings multiples used to value privately held companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of a Fund's investments and its overall performance. The value of any publicly traded securities held by a Fund may be volatile and difficult to sell. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and the level of profitability achieved on realizations of investments. Additionally, general fluctuations in market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments.

Currency Transactions

The Funds may buy or sell currencies, forward currency contracts, currency futures contracts, swaps and related options on currencies for hedging or currency risk management purposes in connection with its investment activities, although the Funds are under no obligation to fully hedge, or to hedge at all, any currency exposure. Derivative instruments, including options, futures, forward contracts and swap contracts involve risks different from, and, in certain cases, greater than the risks presented by more traditional investments. These risks include market risk, management risk, counterparty risk, documentation risk, liquidity risk and leverage risk.

Alternative Investment Fund Managers Directive and the UK Alternative Investment Fund Managers Regulations

The Alternative Investment Fund Managers Directive 2011/61/EU (including any implementing national laws, rules or regulations (the "AIFMD")) and the United Kingdom Alternative Investment Fund Managers Regulations 2013 (as amended pursuant to sections 2 and 3 of the European Union (Withdrawal) Act 2018 and the Alternative Investment Fund Managers (Amendment) (EU Exit) Regulations 2018 (the "AIFM Law")) regulates the activities of certain alternative investment fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA") or the United Kingdom ("UK").

If a Fund is marketed to investors domiciled or having their registered office in the EEA or the UK: (i) the Fund may be subject to certain reporting, disclosure and other compliance obligations under the AIFMD or the AIFM Law, which may result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the Adviser may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions or the UK, including the requirement to appoint a depositary in certain EEA jurisdictions, which may result in the Fund incurring additional costs and expenses, delay the Fund's capital raising process and in turn reduce the speed with which the Adviser can deploy the capital raised, or otherwise affect the management and operation of the Fund; (iii) the Adviser may be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD or the AIFM Law may also restrict certain activities of the Fund in relation to EEA or UK portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA or UK portfolio company within the first two years of ownership. In addition, it is possible that some EEA jurisdictions will elect to restrict

or prohibit the marketing of non-EEA funds to investors based in those EEA jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of capital commitments.

The AIFMD or the AIFM Law does not apply where an investor approaches the Adviser to invest in, or request information on, a Fund at its own initiative (known as reverse solicitation). There is a risk that an EEA member state or UK regulatory authority or government may reach a different conclusion to the Adviser as to whether reverse solicitation applies and find that the AIFMD or the AIFM Law did apply to the Adviser or the Funds. Such a finding may result in a regulatory or governmental authority or court in the relevant EEA member state or the UK requiring the Adviser or the Fund to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against the Adviser and/or the Funds. This may result in a reduction in the overall amount of capital available to the Funds, which limits, in turn, the range of investment strategies and investments that the Funds are able to pursue and make or otherwise result in a loss to the Funds.

Enhanced Governmental Scrutiny and Increased Regulation of Industry

There continues to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the alternative asset management industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing and/or exiting investments than it otherwise would have.

U.S. Presidential Election

The current regulatory environment in the United States may be impacted by future legislative developments. On January 20, 2021, Joseph R. Biden became President of the United States. The full scope of President Biden's legislative agenda is not yet fully known, but it may include certain regulatory measures for the U.S. financial services industry, an increase in tax rates and other changes to tax policies. The Democrats controlled Congress starting on January 20, 2021. A Democrat-controlled Congress may adopt a more progressive platform, which may adversely affect the private equity industry. The uncertainty of future legislation could adversely impact the Funds and their ability to achieve their investment objectives.

Changes to the European Union

The United Kingdom ("UK") ceased to be a member of the European Union ("EU") on January 31, 2020. In late December 2020 the EU and the UK reached agreement on an EU-UK Trade and Cooperation Agreement ("FTA") to govern the trading relationship between the UK and the EU from and after January 1, 2021. Broadly, the FTA provides for zero tariffs and zero quotas on all goods that comply with the appropriate rules of origin, but is subject to the both parties maintaining a level playing field in areas such as environmental protection, social and labor rights, investment, competition, state aid, and tax transparency. Importantly, the four freedoms which provide the foundation of the EU single market, namely, the free movement of persons, goods, services and capital, no longer extends to the UK. Since January 1, 2021, the UK regulates its own separate and distinct market.

UK regulated firms in the financial sector are adversely affected by these arrangements because the FTA does not provide for continued access by UK firms to the EU single market – although there is the possibility that in time, the UK may obtain a recognition of equivalence from the EU in certain financial sectors which would enable varying degrees of access to the EU market. Similarly, notwithstanding zero tariffs and zero quotas, market access for those firms that trade in goods will fall below what the single market previously allowed. Non-tariff barriers, customs declarations, customs checks, restrictions on movements of employees, withdrawal of recognition of previously recognized professional qualifications, changes in the status of the UK vis-à-vis the EU for tax purposes, and other sources of friction have the potential to impair the profitability of a business, require it to adapt, or, e.g., in the case of firms providing financial services, even relocate or operate through an establishment in the EU.

It will take some time to observe the many and varied effects on UK businesses of the consequences of leaving the single market and customs union (taking into account the flow of goods and services in both directions). Given the size and global significance of the UK's economy, uncertainty, at least in the near term, about the effect of the FTA on the day-to-day operations of those businesses that either engage in the trade of goods or provision of services within the EU may be a continued source of currency fluctuations or have other adverse effects on international markets, international trade and other cross-border cooperation arrangements. The present uncertainty could therefore adversely affect the Funds, the performance of its investments and its ability to fulfill its investment objectives (especially if their investments include, or expose it to, businesses that have historically relied on access to the single market or have historically relied on sourcing goods, materials or labor from the single market).

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 by an unauthorized third party could result in the loss or theft of an investor's data, 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.

Tax Reform Risk

Former-President Trump signed into law a broad-based reform of the Internal Revenue Code of 1986, as amended (the "Code") on December 22, 2017 (the "Tax Reform Bill") and legislation known as the "Coronavirus Aid, Relief and, Economic Security Act" (the "CARES Act") that was enacted in March 2020. Despite proposed and in some cases finalized regulations on certain aspects of these laws, there are significant uncertainties regarding the interpretation and application of the Tax Act and the CARES Act. The Tax Reform Bill has resulted in fundamental changes to the Code. Among the numerous changes included in the Tax Reform Bill are (i) a permanent reduction to the corporate income tax rate, (ii) a partial limitation on the deductibility of business interest expense, (iii) an income deduction for individuals receiving certain business income from "pass-through" entities, (iv) a partial shift of the U.S. taxation of multinational corporations from a tax on worldwide income to a territorial system (along with a transitional rule which taxes certain historic accumulated earnings and rules which prevent tax planning strategies which shift profits to low-tax jurisdictions), and (v) a suspension of certain miscellaneous itemized deductions, including deductions for investment fees and expenses, until 2026. Despite proposed, and in some cases finalized, regulations on certain aspects, there are still uncertainties regarding the interpretation and application of the Tax Reform Bill. Additional guidance on the Tax Reform Bill is expected; however, the timing, form, scope and content of such guidance are not known. Changes to the Code made by the Tax Reform Bill and any further changes in tax laws or interpretations of such tax laws may be adverse to the Funds and the investors.

Coronavirus Outbreak Risks and Economic Volatility and Instability

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, 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) and would impair 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.

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 that creates positive environmental, social or governance (“ESG”) impact while enhancing long-term shareholder value and achieving financial returns.

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 it seeks 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.

Item 9. Disciplinary Information

Item 9 is not applicable to the Adviser.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various entities serve as general partners of the Funds, and the Adviser serves as the manager of such general partners. 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.

Other Related Entities

The beneficial owners of the Adviser are also beneficial owners of BDT & Company, LLC (CRD No. 150459), a broker-dealer registered with the Securities and Exchange Commission and a member of the Financial Industry Regulatory Authority (FINRA). In addition, certain Adviser principals and employees are registered representatives or registered principals of BDT & Company, LLC. For a description of material conflicts of interest created by the Adviser’s relationship with BDT & Company, LLC, as well as a description of how such conflicts are handled, please see Item 11 below.

The beneficial owners of the Adviser are also beneficial owners of the two designated members of BDT & Company International, LLP, an affiliated U.K. IFPRU 50K firm authorized and regulated

by the U.K. Financial Conduct Authority. The material conflicts of interest created by the Adviser's relationship with BDT & Company International, LLP are substantially similar to the material conflicts of interest described for BDT & Company, LLC. The beneficial owners of the Adviser are also the ultimate beneficial owners of BDT & Company Europe GmbH, a German limited company authorized by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht, "BaFin") under firm reference number 155370. BDT & Company Europe GmbH is regulated by both BaFin and the German Federal Bank (Deutsche Bundesbank, "Bundesbank"). The material conflicts of interest created by the Adviser's relationship with BDT & Company Europe GmbH are substantially similar to the material conflicts of interest described for BDT & Company, LLC.

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

Code of Ethics

The Adviser has adopted a written Code of Ethics that is applicable to every Adviser principal and employee as well as every natural person (whether or not an employee of the Adviser) who is subject to the Adviser's supervision and control who (i) has access to nonpublic information regarding a Fund's purchase or sale of securities, (ii) is involved in making securities recommendations to a Fund, or (iii) has access to securities recommendations to a Fund that are nonpublic (collectively, "Adviser Personnel").

The Code of Ethics, which is designed to comply with Rule 204A-1 under the Investment Advisers Act of 1940 (as amended, the "Advisers Act"), establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for a Fund, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are required to file certain periodic reports with the Adviser's Chief Compliance Officer ("CCO") and to annually certify compliance with the Code of Ethics. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal.

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

Participation or Interest in Client Transactions

The Adviser and certain Adviser principals and other employees as well as affiliates of the Adviser may invest in the Funds, either through the general partners, as direct investors in the Funds or otherwise. A Fund or its general partner, as applicable, may reduce all or a portion of the Management 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 purchasers of an investor's interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Adviser may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors or current investors.

Conflicts of Interest

The Adviser and its related entities engage in a range of financial services activities, including investment activities for their own account. In the ordinary course of conducting its activities, the interests of a Fund may 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.

In accordance with a Fund's Governing Documents, the Adviser has in the past and may, from time to time in the future, establish certain investment vehicles through which certain employees of the Adviser or its affiliates, certain business associates, or other persons, invest alongside one or more Funds. Such vehicles are contractually required, subject to applicable legal, tax or regulatory constraints, to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the applicable Fund that is invested in that investment opportunity.

In addition, the Adviser, its affiliates, Adviser principals, officers and other employees of the Adviser (including, for the avoidance of doubt, proprietary investment vehicles owned by the Adviser and/or its affiliates) may make proprietary investments in portfolio companies that are held by the Funds, or that are offered to and/or evaluated by, but rejected by Funds. See "*Conflicts Relating to the General Partner and the Adviser*" for additional information the conflicts relating to these types of investments.

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 subject to the Funds' Organizational Documents. 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 may mitigate, but will not eliminate, conflicts of interest:

- A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- 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;
- Generally, each Fund has established an advisory committee (which may be combined with the advisory committee of another Fund), consisting of representatives of investors not

affiliated with the Adviser. The advisory committees meet as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;

- The Adviser has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest;
- Where the Adviser deems appropriate, unaffiliated third parties are used to help resolve conflicts, such as the use of an independent third party to opine as to the fairness of a purchase or sale price; and
- Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund.

In 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. Other material conflicts are disclosed throughout this brochure, including in Item 6 with respect to performance fees, and/or in a Fund's Organizational Documents.

Allocation of Investment Opportunities Among Clients

In connection with its investment activities, the Adviser may encounter situations in which it must determine how to allocate investment opportunities among various Funds and co-investors, the Adviser and its affiliates, and other persons (including, for example, individuals and entities that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions and/or individuals or entities acting as "co-sponsors" with the Adviser with respect to a particular transaction).

The Funds are generally subject to investment allocation requirements (collectively, "Investment Allocation Requirements"). Investment Allocation Restrictions are generally set forth in the Fund's Organizational Documents or other agreements with investors or in the Adviser's applicable compliance policies and procedures. To the extent the Investment Allocation Requirements of a Fund do not include specific procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, which are briefly summarized below.

The Adviser must first determine which Funds will participate in an investment opportunity, based on the Fund's investment objectives, strategies and structure, and any additional factors that may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions

include, but are not limited to follow-on and related investments, and legal and regulatory exclusions. For example, the Adviser may determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds that will participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser will consider a wide range of factors, including but not limited to transaction sourcing, a Fund's liquidity and reserves, diversification (including the actual, relative or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio), any "ramp-up" period of a newly established Fund, the amount of capital available for investment by a Fund (including whether a Fund is able to invest all capital required to consummate a particular investment opportunity), the availability of other suitable investments, the seniority of an investment and other capital structuring criteria, supply or demand of an investment opportunity at a given price level, the centrality of an investment to a Fund's strategy, whether an investment opportunity requires additional consents or authorizations from the Fund, investors or third-parties, risk considerations, and any relevant limitations imposed by the Fund's Organizational Documents.

In making its allocations of 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. The application of the Investment Allocation Requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurance that a Fund will participate in all investment opportunities that fall within its investment objectives. The Adviser makes allocation determinations based solely on the Adviser's expectations, 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.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser has an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons derive, directly or indirectly, higher fees, compensation or other benefits. Notwithstanding the foregoing, the Adviser will not allocate investment opportunities among the Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund as it would impact the Adviser or its related persons.

In addition, the Adviser and its affiliates, as well as Adviser principals and other employees of the Adviser invest indirectly in and may 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 may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Allocation of Co-Investment Opportunities

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds, or if an investment might otherwise benefit from the involvement of co-investors, in which case an investment opportunity may be offered to one or more co-investors pursuant to the procedures included in such Funds' Organizational Documents and other agreements, and as set forth in the following paragraphs. There may be circumstances where an amount that, the Adviser determines for strategic or other reasons, could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors. The Adviser is not required to consult with the Funds' advisory committees or other investors not being offered an opportunity to co-invest prior to offering such co-investment opportunities.

Subject to any Investment Allocation Requirements or other specific agreements with investors, in general, (i) other than the Adviser, a Fund's general partner or their respective affiliates, which in certain instances participate in a co-investment pro rata to their commitment to the Fund, 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 priority to co-investment opportunities, (ii) decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made 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, (iii) co-investment opportunities typically will be offered to some and not other investors in the Funds, in the sole discretion of the Adviser or its related persons, and (iv) certain persons other than investors in the Funds (including other Funds managed by the Adviser, Adviser principals, consultants, persons associated with a portfolio company and other third parties, including persons the Adviser believes will provide a benefit to the Adviser, a Fund and/or one or more portfolio companies) rather than one or more investors in a Fund, may be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons. For the avoidance of doubt, the Adviser and affiliates of the Adviser will, from time to time, invest alongside a Fund in an investment opportunity, up to percentage limitations as may be set forth in the Organizational Documents of the applicable Fund. Any such co-investment made by the Adviser or its affiliates will reduce the amount that could have otherwise been invested by one or more other co-investors (including investors in a Fund), and may constitute the entire co-investment with respect to a particular opportunity.

Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty).

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons and in the manner discussed above often will not result in pro-rata allocations and such allocations may be more or less advantageous to some 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 reasonable 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 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. In order to facilitate the acquisition of an investment, the Adviser or one or more of its affiliates may, on behalf of itself or one or more of Funds, make or commit to make an investment that exceeds the desired amount with a view to selling a portion of such investment to co-investors or other Funds prior to or after the closing of the acquisition. In such event, Funds bear the risk that any or all of the excess portion of such investment may not be sold or may be sold on unattractive terms. As a consequence, the Fund may bear the entire portion of any fees, costs and expenses related to such investment, including but not limited to, break-up fees, and hold a larger than expected portion of such investment. 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, interests of potential co-investment parties may differ from the interest of the Fund and the Fund's investors. 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 the appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective.

The Adviser or its affiliates may establish dedicated co-investment vehicles for specific investors in order to facilitate investments by the relevant investors as co-investment parties alongside a Fund. Any such vehicle will be established at the Adviser or its affiliates' sole discretion and the Adviser and its affiliates have no obligation to offer a similar opportunity to any other investor.

To the extent permitted by applicable law and a Fund's organizational documents, the Adviser or its affiliated broker dealer may receive commissions or fees in connection with sales of assets by a Fund to co-investors or co-investment vehicles. Such amounts would offset or reduce management fees only to the extent required by the applicable Fund's organizational documents.

Secondary Transactions

To the extent the Adviser has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Organizational Documents, the Adviser will consider such factors as it deems relevant in exercising such discretion. Subject to any restrictions in the Organizational Documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of persons to potentially acquire the interest being transferred. In addition, the Adviser or its related persons may acquire the interests being transferred in a Fund.

Conflicts Related to Purchases and Sales

Conflicts may 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 may be appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts may arise in determining the terms of investments, particularly when these clients may invest in different types of securities in a single portfolio company.

Certain Funds invest in securities of companies in which other Funds hold securities, including equity securities. Conflicts arise in these circumstances, particularly where the underlying company is facing financial distress. For example, conflicts of interest arise in determining: (i) whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced; and (ii) what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring. 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. The involvement of Funds at both the equity and debt levels also could inhibit strategic information exchanges among fellow creditors, and 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 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.

A conflict also may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser in a portfolio company may also raise 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. In addition, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. Furthermore, from time to time a Fund and a co-investment vehicle may receive securities in kind as a result of an investment disposition. The Adviser may determine, for liquidity, strategy or other reasons, to dispose of the Fund's shares and the co-investment vehicle's shares at different times which may result in each entity receiving a different value for the securities. These variations in timing may be detrimental to a Fund. Employees and

related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore may 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.

The applicable Fund's Organizational Documents 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.

The Funds may 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 guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential (a) 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 a 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 limited guarantees and, in any event, are not obligated to pay their proportionate share of any reverse termination fees. 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 could be held responsible for the entire equity purchase price or reverse termination fee, or obligations, as applicable.

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

Cross-Transactions

In certain cases, the Adviser may cause a Fund to purchase investments from another Fund, or it may cause a Fund to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Fund may not receive

the best price otherwise possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment. The Adviser and its affiliates may receive management or other fees from the Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant Funds.

To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds (e.g., the Organizational Documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser, and where appropriate the applicable Fund advisory committees, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale 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. 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. 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 Funds that may have investment objectives similar to each other. It is likely that the Adviser or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities 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 may not hold the same securities or achieve the same performance. In addition, a Fund may 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 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 raised in the future or to proprietary investments made by the Adviser and/or its principals. Conflicts of interest may arise in allocating time, services or functions of these officers and employees. The Adviser has an incentive to allocate more time, services or functions to the Fund or Funds from which the Adviser or its employees derives a higher economic benefit and/or to better performing Funds.

The Adviser has in the past and may, from time to time in the future, consider and reject an investment opportunity on behalf of one Fund, and the Adviser or an affiliate of the Adviser may subsequently determine to have the Adviser or an affiliate of an Adviser, or another Fund make an investment in the same company. A conflict of interest arises because the Adviser, its affiliate, or the investing Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the original Fund considering the investment.

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 may be 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 has already and is likely in the future in certain instances to use 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 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 but does not intend to specifically disclose such conflicts to the relevant Funds.

Certain of the Funds have in the past and may in the future enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations. If one Fund defaults on such arrangement, the other Funds that have entered into such arrangements will be held responsible for the defaulted amount.

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 releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may 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 General Partner and the Adviser

The Adviser generally may, in its discretion, (i) contract with any related person of the Adviser (including a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds, and/or (ii) recommend to a Fund or a portfolio company thereof that it contract for services with the Adviser or a related person of the Adviser (including a portfolio company of a Fund) or 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. The Adviser may have an incentive to contract with or 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, Adviser principals, officers and other employees of the Adviser (including, for the avoidance of doubt, through proprietary investment vehicles owned by the Adviser and/or its affiliates) and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to Funds. Additionally, the Adviser, its affiliates, Adviser principals, officers and other employees of the Adviser (including, for the avoidance of doubt, through proprietary investment vehicles owned by the Adviser and/or its affiliates) may buy securities in transactions offered to and/or evaluated by, but rejected by Funds. In such circumstances, the Adviser uses its judgment in determining how to categorize and allocate expenses incurred in connection with such a Fund's rejected investment. In certain instances, a conflict may arise because it may be difficult to determine the value of any benefit received by the Adviser, Adviser principals, officers and other employees of the Adviser (in particular, where the investment is made after a period of time has elapsed or after the evaluating Fund has been dissolved) and the Adviser, Adviser principals, officers and other employees of the Adviser may not reimburse the Funds for any expenses or costs incurred in connection with the investigation of the investment opportunity. 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. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If the Adviser, or Adviser principals, officers and other employees 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 the Adviser, or Adviser principals, officers and other employees have previously invested for their own accounts. Furthermore, the Adviser, or Adviser principals, 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 other employees of the Adviser generally aligns the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

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 Management Fees are, at certain times during the life of the Funds, based upon capital called or invested by the Funds, this fee structure creates an incentive to call or 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 may create 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.

The Organizational Documents of certain Funds permit the general partner of each such Fund to cause such Fund to distribute such general partner's share of securities resulting from an investment disposition by such Fund to such general partner or its affiliates (including managing directors and other employees) in kind, while disposing of limited partners' share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners. This ability creates conflicts of interest between the general partners and the limited partners of the applicable Fund. The general partners are particularly incentivized to receive distributions in-kind of securities that it expects to increase in value, and in cases where the increase occurs, if the limited partners received cash distributions instead of in-kind distributions, the limited partners will be denied the benefits of that increase had the Fund retained the securities and the general partner will receive more value from the securities than it would have had its carried interest been paid in cash. Furthermore, the general partner, or its affiliates, may receive distributions in kind from an investment disposition. In the event the general partner, or its affiliates, receive such a distribution, the general partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the general partner shall determine, which creates a conflict of interest between the general partner or affiliate, as an adviser to the Fund, and the Fund.

The Organizational Documents of certain Funds permit each such Fund's general partner or its affiliates, to lend money to the applicable Fund. Such lending arrangements create conflicts of interest between the applicable general partner, or affiliate and the Fund acting as borrower.

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 make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, to bridge the capital calls of investor of subsequent closes during the fundraising period, to cover any shortfall resulting from an investor's default or exclusion. If a Fund makes a borrowing, the borrowing would be used for all partners participating in the credit line associated with such Fund on a pro-rata basis, including the general partner. The Funds' use of borrowing facilities to facilitate closing a transaction may also 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 interest expenses but not necessarily origination and other costs allocable to the extension of credit, the Fund will bear a disproportionate amount of the credit risk in incurring the debt on behalf of the other parties.

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, such 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, such Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. 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.

To the extent a borrowing 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.

Borrowing by a 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 a Fund may cause the realization of UBTI.

Related Services

As described in Item 5 above, the Adviser and its affiliates may perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds. For example, BDT & Company, LLC, a registered broker-dealer and affiliate of the Adviser, may receive fees for performing certain financial advisory and transaction execution services to portfolio companies of the Funds, including the structuring and execution of merger, acquisition and private placement assignments and general financial and strategic advisory services. Such fees will be in addition to any Management Fees or Carried Interest paid by the Funds to the Adviser; however, as described in Item 5, the Adviser may in certain circumstances reduce the amount of Management Fee or expenses paid by the applicable Fund in connection with the receipt of such fees or arrange for a portfolio company to credit the Fund with capital usage fees which may have the effect of reducing the cost basis of a Fund investment in such portfolio company. Additionally, as discussed in Item 5 above, a portfolio company may reimburse the Adviser for expenses (including without limitation travel and travel-related expenses) incurred by the Adviser in connection with its performance of services for such portfolio company. This creates a conflict of interest between the Adviser and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements may be substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements. In instances where

the Funds take a control position in a portfolio company, the Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser and its affiliates may in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of the applicable Fund's share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Organizational Documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as entities through which the Adviser and certain employees and affiliates of the Adviser invest alongside the Funds) may have a right to share in such fees, and Management Fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

Diverse Membership

The investors in the Funds often have conflicting investment, tax and other interests with respect to their investments in the Funds. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser, 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 and the tax treatment of different Funds. In selecting and structuring investments appropriate for a Fund, the Adviser will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

Conflicts of Interest Involving the Fund Advisory Committees

A conflict of interest may exist when some, but not all limited partners are permitted to designate a member to the advisory committee. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. There is no assurance that the views of the Fund advisory committee will be representative of the views of the investors as a whole. In addition, even if the Fund advisory committee were to act in a manner that it believes to be the best interests of the investors as a whole or in the best interests of a majority in interest of the investors, there is no assurance that such action will be in the best interests of any particular investor under the circumstances.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund or portfolio companies. The general partner or the Adviser 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.

Business with and Among Portfolio Companies and 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 may recommend the services of a portfolio company to other portfolio companies, which may involve discounts to the Adviser, an

affiliate, or a portfolio company. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill with the existing and prospective portfolio companies providing the products and services, while the products or services recommended may not necessarily be the best available to the other portfolio companies. 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 may have an incentive to recommend the products or services of certain investors or prospective investors in the Funds, certain third parties, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

In addition, from time to time the Adviser or its affiliates engage in business with investors and prospective investors including, without limitation, entering into lending arrangements with such investors and prospective investors, and the Adviser or its affiliates will receive fees or other payments in connection with such arrangements. Neither the Funds nor Fund investors as a group will benefit from any transactions between the Adviser or its affiliates, on the one hand, and an investor or prospective investor, on the other hand.

Current and former officers and executives of portfolio companies may also invest in a Fund. As a result, 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 goodwill with such portfolio company management team investor.

Portfolio companies controlled by a Fund may provide services to certain Fund investors or prospective investors. The Adviser may have an incentive to cause the portfolio company to favor those investors 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.

In addition, certain portfolio companies controlled by a Fund may engage in activities that could adversely affect another Fund and/or its portfolio company, including, for instance, as a result of laws and regulations or 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.

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

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

A Fund's portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Funds managed by the Adviser or the Adviser's affiliates that, although the Adviser determines to be consistent with the requirements of such Funds' Organizational Documents, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that do not reduce the Management Fee as described herein. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its portfolio companies.

The Adviser and its affiliates have in the past and 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 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 arrangements).

Service Providers

Services required by a Fund (including some services historically provided by the Adviser or its affiliates to the Funds) may, for certain reasons including efficiency and economic considerations, be outsourced in whole or in part to third parties or licensed software, in each case in the discretion of the Adviser or its affiliates. The Adviser and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, deal sourcing, information technology, marketing and marketing-reviews, license software, valuation, depository, data processing, client relations,

administration, custodial, human resources, compliance, director services, accounting, legal and tax support and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by the Adviser to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future 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 relevant Funds.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other interests in 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 may also 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. 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 for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. While the Adviser does not actively negotiate for, or have influence regarding, advantageous service rates or arrangements for comparable services, there will be situations in which the Adviser receives more favorable service rates or arrangements than the Funds or their portfolio companies.

Certain other service providers to the Adviser, the Funds and/or the portfolio companies, or affiliates of such service providers, 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 be sources of investment opportunities, be co-investors or commercial counterparties or entities in which the Adviser and/or the Funds have an investment. As a result, payments made by a Fund and/or such portfolio companies to such service providers may indirectly benefit the Adviser and/or such Fund.

The Adviser, its affiliates and the Funds generally will engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Law firms engaged to represent the Funds may also represent one or more portfolio companies or investors in a Fund. In the event of a significant dispute or divergence of interest between Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser, its personnel and the Funds and the portfolio companies of the Funds may engage other common service providers. In certain 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.

The Adviser or its affiliates and service providers, often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by the Adviser, its affiliates or its personnel differ from those required by the Funds and/or its portfolio companies, the Adviser, its affiliates and its personnel will pay different rates and fees than those paid by the Funds and/or its portfolio companies. Notwithstanding the foregoing, the Adviser generally does not negotiate any arrangement with a service provider that provides for a lower rate or discount than those available to a Fund or a portfolio company for comparable services.

The Adviser or its affiliates engage certain service providers (including law firms) on behalf of the Funds and personnel of such service provider may, from time to time, be seconded to the Adviser or its affiliates on a temporary basis, pursuant to various arrangements including at cost or at no cost, or a service provider may provide the services of certain employees at a discount or at no cost ("Personnel Discounts"). The Adviser is, from time to time, a beneficiary of Personnel Discounts as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to the Adviser, its affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in the Adviser's discretion taking into consideration the usage of such personnel. In such circumstances, a conflict of interest exists because the Adviser or its affiliates have an incentive to select one service provider over another on the basis that the Adviser or its affiliates may receive a Personnel Discount.

Positions with Portfolio Companies

Employees of the Adviser may 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 those of the Fund, it is expected that the interests will be aligned. However, employees of the Adviser serving as a director to a portfolio company may owe a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such employees may be in a position where they must make a decision that is either not in the best interest of the Fund, or is not in the best interest of the portfolio company. Employees serving as directors may make decisions for a portfolio company that negatively impact returns received by a Fund investing in the portfolio company.

In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Such employees generally are required to remit any remuneration (including, without limitation, stock of the portfolio company or other non-cash compensation) they may receive as directors to the applicable Funds. However, employees of the Adviser may leave the employment of the Adviser or its affiliates and become a director, officer or employee of a portfolio company, and not be required to remit any remuneration they may receive to the Funds.

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

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

Certain personnel of the Adviser or its affiliates may also be temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies will pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse the Adviser or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. The Adviser may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by the Adviser or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the Management 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 Management 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 Operating Consultant, an employee or former employee of the Adviser, or a seconded employee may be unclear. In such cases, the Adviser will make a determination in good faith based on its evaluation of the relevant facts and circumstances.

Side Letter Agreements

The Adviser (or applicable general partner) enters 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 information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor, veto rights and liquidity or transfer rights. Except as otherwise agreed with an investor or as set forth in the applicable Fund's Organizational Documents, the Adviser (or applicable general partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Certain Brokerage Transactions

As described above in response to Item 10, BDT & Company, LLC, an affiliate of the Adviser, is a broker-dealer registered with the Securities and Exchange Commission and certain management persons of the Adviser are registered representatives or registered principals of BDT & Company, LLC. BDT & Company, LLC's primary business is to provide financial services to closely-held

public and private companies and their principals and affiliates worldwide. BDT & Company, LLC also acts as a placement agent for the private placement of securities. In the United States, BDT & Company generally acts as placement agent for the Funds.

BDT & Company International, LLP, an affiliate of the Adviser, is an IFPRU 50K firm registered and authorized by the Financial Conduct Authority in the United Kingdom. The business of BDT & Company International, LLP is substantially similar to that of BDT & Company, LLC except that its business is not in the United States. The potential conflicts described below for BDT & Company, LLC apply as well to BDT & Company International, LLP. In addition, BDT & Company Europe GmbH, an affiliate of the Adviser, is a German limited company authorized by BaFin and regulated by both BaFin and Bundesbank. The business of BDT & Company Europe GmbH is substantially similar to that of BDT & Company, LLC except that its business is not in the United States. The potential conflicts described below for BDT & Company, LLC apply as well to BDT & Company Europe GmbH.

In the course of providing financial services, BDT & Company, LLC may engage in activities that could result in a conflict of interest between the financial services business and the Funds. The Adviser anticipates that some investment opportunities for the Funds will be sourced from clients of the financial services business. To the extent that a Fund makes a portfolio investment in, or associated with, a client of BDT & Company, LLC, the interests of the Fund and its investors could diverge from those of BDT & Company, LLC, giving rise to potential conflicts of interests. If BDT & Company, LLC is acting as a placement agent for a private offering of securities by one of its clients, and a Fund is a purchaser of those securities, BDT & Company will remit to the Fund, other than certain co-investment Funds, any fee in connection with that sale. BDT & Company, LLC also earns fees for other advisory services from one or more companies in which a Fund is invested. The Funds may also face restrictions in the resale, hedging or other transfers of all or a portion of a portfolio investment due to the advisory business activities conducted by BDT & Company, LLC or information obtained in connection with such advisory business activities. Further, the Funds may be limited in accumulating further positions in portfolio investments due to the advisory business activities conducted by BDT & Company, LLC.

In addition, portfolio companies controlled by a Fund may provide services to certain advisory clients of BDT & Company, LLC and its affiliates. The Adviser may have an incentive to cause the portfolio company to favor those advisory clients relative to other or customers in terms of pricing or otherwise, which could adversely affect the company's profitability to the Fund.

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, ambiguous, and/or 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 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 Adviser personnel traveling for appropriate Fund-related purposes may benefit such Adviser personnel to the extent the trip also serves a personal purpose.

In its discretion, the Adviser may have or cause the Funds and/or their portfolio companies to have ongoing business dealings with persons who are former employees of the Adviser. Such Funds and portfolio companies may bear, directly or indirectly, the costs of these dealings. 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, 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.

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

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

In addition, from time to time, the Adviser may recruit a management team to pursue a new “platform” opportunity expected to lead to the formation of a future portfolio company (either as a proprietary investment or as an investment on behalf of a Fund). In other instances, a new platform could be formed to recruit an existing or newly formed management team to build such platform through acquisitions and organic growth. In certain circumstances, such platform employees may include former employees of the Adviser, or current or former senior advisors or consultants to the Adviser and its affiliates. The structure of each platform and the engagement of personnel will vary, including whether a management team’s services are exclusive to the platform and whether the members of the management team are employed directly by the platform or indirectly through a separate management company established to manage such platform. Platform structures may change during the investments’ hold period, for instance, in connection with restructurings or dispositions. The management team of a platform investment may provide services with respect to other platform investments of more than one Fund, or provide the same or similar services for unaffiliated parties. The services provided by the platform management team could be similar to, and in some cases overlap with, the services provided by the Adviser to the Funds. Generally, the Fund will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, management or other fees, employee compensation (including cash compensation and profits interest), diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company, although in certain instances, the Adviser may bear such expenses. In the event such expenses are borne by the applicable Fund, such expenses are either borne directly, as Fund expenses, or indirectly, as the Fund bears the start-up and ongoing expenses of the newly-formed platform portfolio company. Such costs and expenses borne by a Fund will not offset the Management Fee and are in addition to Management Fees and other compensation (e.g., Carried Interest) received by the Adviser.

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

A Fund may invest in a pooled investment vehicle that is advised by, or that has another relationship with, the Adviser or its related persons. In such a case, investors in the Fund will bear not only the direct management fees and other expenses associated with their investment in the Fund, but also the expenses and certain fees associated with the investment in the underlying

pooled investment vehicle, some of which may be paid to the Adviser or its related persons. Additionally, the interests of the Fund, as an investor, may conflict with the interests of the underlying pooled investment vehicle or the Adviser or its related persons in the context of their other relationship with the underlying pooled investment vehicle, which would create a conflict of interest for the Adviser.

In the regular course of its financial services business, BDT & Company, LLC, an affiliate of the Adviser, provides a range of advisory services and represents potential purchasers, sellers and other involved parties, including corporations, financial buyers, management, shareholders and institutions, with respect to assets which may be suitable for investment by the Funds. In certain cases, BDT & Company, LLC's client may require BDT & Company, LLC to act exclusively on its behalf, thereby precluding the Funds from acquiring such assets. BDT & Company, LLC will be under no obligation to decline such engagements in order to make the investment opportunity available to the Funds.

The Organizational Documents of certain Funds permit each such Fund's general partner to withhold information from certain investors in such Fund in certain circumstances. For instance, information may be withheld from investors that are subject to Freedom of Information Act or similar requirements which conflict with such investors' obligations to keep confidential certain business and trade secrets, for example, of portfolio companies or other investors associated with the Funds. The general partner may elect to withhold certain information to such investors for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such investors of receiving such information.

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

Item 12. Brokerage Practices

Certain Funds invest in publicly traded securities from time to time. To meet its fiduciary duties to the Funds, the Adviser has adopted written policies to address issues that might arise with respect to purchasing, holding, and selling publicly traded securities.

Selection of Brokers and Dealers

For each of the Funds, the Adviser has, subject to the direction of such Fund's general partner, if applicable, sole discretion over the purchase and sale of investments (including the size of such transactions) and the broker or dealer, if any, to be used to effect transactions. In placing each transaction for a Fund involving a broker-dealer, the Adviser will seek "best execution" of the transaction except to the extent it may be permitted to pay higher brokerage commissions in exchange for brokerage and research services (as discussed below). In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser takes into account all factors that it deems relevant to the broker's or dealer's execution capability, including, by way of illustration, price, the size of the transaction, the nature of the market for the security, the amount of the commission, the timing of the transaction taking into account market prices and trends, the reputation, experience and financial stability of the broker or dealer, and the

quality of service rendered by the broker or dealer in other transactions. Best execution is not limited solely to the consideration of the best available commission rate.

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

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

To the extent consistent with achieving best execution, the Adviser may also consider other business a particular broker or dealer may have done with the Adviser, such as identifying investment opportunities, performing investment banking services and providing services to the Adviser's principals. The Adviser may pay a higher commission to execute a trade than the lowest available negotiated commission for brokerage and research services in accordance with Section 28(e) of the Securities Exchange Act of 1934, as amended, if the Adviser determines in good faith that such commission was reasonable in relation to the value of the research and brokerage services provided by the broker-dealer. Any such research service may be broadly useful to the Adviser in rendering investment advice to all or a significant portion of the Funds, or may be useful for the management of one or only a few Funds, regardless of whether a particular Fund paid commissions to the broker-dealer which provided the research. A conflict of interest exists when a broker-dealer provides such research services, however, as the Adviser will have an incentive to favor such broker-dealer over others that may charge lower commissions.

Aggregation of Trades

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

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

Item 13. Review of Accounts

Oversight and Monitoring

The investment portfolios of the Funds are substantially 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 composed of Adviser principals and other investment professionals on an on-going basis. The team provides reports to the Adviser's Investment Committee on a quarterly basis and will provide interim reports if a material change in a particular investment occurs.

Reporting

Investors in the Funds typically receive a copy of audited financial statements of the relevant Fund within 120 days after the fiscal year end of such Fund, as well as quarterly financial reports after each fiscal quarter end. The Adviser and the applicable general partner will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more investors in such Fund as they deem appropriate.

Item 14. Client Referrals and Other Compensation

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

Item 15. Custody

Certain Funds are required to undergo an annual audit of their financial statements to comply with certain exemptions set forth in Rule 206(4)-2 of the Advisers Act. To the extent a Fund does not have its financial statements audited on an annual basis and instead, is subject to a surprise examination of its assets, the assets of such Fund are held by one or more custodial banks or broker-dealers, and such custodial banks or broker-dealers send account statements to investors in such Fund. The investors in such Funds should compare the account statement received from the custodial bank or broker-dealer to account statements the Adviser delivers to them.

Item 16. Investment Discretion

Investment advice is provided directly to the Funds, subject to the direction and control of the general partner of each Fund, and not individually to the investors in the Funds. Services are provided to the Funds in accordance with the Management 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.

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. The Adviser votes in the best interests of each Fund taking into account the relevant Fund's investment horizon, the contractual obligations under the relevant Management Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders. 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 partnership committee or the relevant Adviser investment professional, the costs associated with voting on such issue 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 how the Adviser votes.

All voting decisions initially are referred to the Adviser's General Counsel or CIO. In most cases, the Adviser's General Counsel or CIO will make the decision as to the appropriate vote for any particular issue. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the CIO is making the voting decision, the CIO will inform the General Counsel of any such voting decision, and if the General Counsel does not object to such decision as a result of his or her conflict of interest review, the vote will be cast in such manner.

All voting decisions require a mandatory conflicts of interest review by the Adviser's General Counsel, which will include consideration of whether the Adviser, any investment professional or other person recommending how to vote, any affiliate of the Adviser or client has an interest in the vote that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to voting in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser's General Counsel will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interests of the Funds.

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

In the event that the Adviser's General Counsel retains independent fiduciaries, consultants or professionals to assist with Voting decisions and/or delegates such voting or consent power to such fiduciaries, consultants or professionals, the Adviser's General Counsel will follow the procedures below regarding third party accountability to the funds:

- Ascertain whether the third party has the capacity and competency to adequately analyze proxy and other voting issues, including the adequacy of the third party's personnel and policies and procedures with regard to identifying and addressing conflicts of interest;
- Adopt ongoing oversight policies of the third party to ensure that, where delegated, the third party continues to vote proxies in the best interest of the Funds;
- Determine that the third party has the capacity and competency to adequately analyze proxy and other voting issues by providing materially accurate information.

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

Item 18. Financial Information

Item 18 is not applicable to the Adviser.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.