



Quad-C Management, Inc.

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

This brochure provides information about the qualifications and business practices of Quad-C Management, Inc. If you have any questions about the contents of this brochure, please contact us at (434) 979-2070. 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 Quad-C Management, Inc. 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 Item discusses only the material changes that have occurred since Quad-C Management, Inc.'s ("Quad-C" or the "Adviser") last annual updating amendment filed on March 27, 2020. While Quad-C routinely makes updates throughout the brochure to improve and clarify the description of its risks, conflicts, business practices, compliance policies, and procedures, as well as to respond to evolving industry best practices, there are no material changes to disclose in this Item.

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Item 4. Advisory Business

For purposes of this brochure, the “Adviser” or “Quad-C” means Quad-C. Management, Inc., a Virginia corporation, together (where the context permits) with its affiliates that provide advisory services to and/or receive advisory fees from the Funds (as defined below). Such affiliates may or may not be under common control with Quad-C Management, Inc. but share a number of personnel and/or equity owners with Quad-C Management, Inc. These affiliates may be formed for tax, regulatory or other purposes in connection with the organization of the Funds (as defined below) or may serve as general partners of the Funds.

The Adviser provides investment supervisory 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”).

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds’ respective investment objectives, the Funds generally invest in control buyout equity investments in established middle market companies. The Adviser’s advisory services consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of the Funds, managing and monitoring the performance of such investments and disposing of such investments. The Adviser may serve as the investment adviser or general partner to the Funds in order to provide such services.

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

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

The principal owners of Quad-C are Terrence D. Daniels, Stephen M. Burns and Anthony R. Ignaczak. The Adviser has been in business since 1989. As of December 31, 2020, the Adviser manages a total of \$1.91 billion of client assets, all of which are managed on a discretionary basis.

Item 5. Fees and Compensation

Advisory Fees

As compensation for investment supervisory services rendered to the Funds, the Adviser receives from each such Fund an advisory fee (each, an “Advisory Fee”). Advisory Fees paid by a Fund are indirectly borne by investors in such Fund.

In addition, the Adviser and its affiliates may perform management, advisory, transaction-related, financial advisory, strategic planning and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Funds, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions. These fees may be substantial. Although these fees are in addition to the Advisory Fees, the Adviser will in most circumstances reduce the amount of Advisory Fees paid by the applicable Fund in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Additionally, a portfolio company may reimburse the Adviser for expenses incurred by the Adviser in connection with its performance of Related 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.

The precise amount of, and the manner and calculation of, the Advisory Fees for each Fund are established by the Adviser, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund’s Advisory Agreement, organizational documents and/or other documentation received by each investor prior to investment in such Fund. The Advisory Fees and other fees described above are generally subject to waiver or reduction by the Adviser in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The Advisory Fee structures described above may be modified from time to time with the consent of 66 2/3% of Limited Partners in the Fund. Fees may differ from one Fund to another.

Advisory Fees are deducted from the assets of the Funds semi-annually in advance, no earlier than the fifth business day of each semi-annual period. Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis.

The Advisory Fees paid by a Fund will generally be reduced by the amount of fees paid by such Fund to persons acting as a placement agent in connection with the offer and sale of interests in such Fund to certain potential investors.

Certain investors in the Funds such as employees and business associates of the Adviser, its affiliates or their personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, “Adviser Investors”) will not typically pay Advisory Fees or Carried Interest (defined below) in connection with their investment in a Fund.

The Adviser may, from time to time, establish certain investment vehicles through which certain Adviser Investors, other “friends of the firm,” or other third parties may invest alongside one or more Funds in one or more investment opportunities. Such co-investment vehicles generally do not pay Advisory Fees or Carried Interest.

In addition, the general partner of a Fund generally commits to invest on a pro rata basis in all transactions in which a Fund invests in an aggregate amount equal to a certain percentage of total commitments. A portion of such participation will be made by the Fund's general partner, and the balance will be made by principals and employees of the Adviser (and their families) as co-investments, directly or indirectly through an investment vehicle formed for such purpose (the "GP Co-Investors"). A portion of such participation is from time to time effected through a reduction of the Advisory Fee to which the Adviser would otherwise be entitled. To the extent that the Advisory Fee is so reduced, amounts otherwise required to be contributed by the general partner and/or such employees and family members for portfolio company investments will instead be contributed to a Fund by the investors, and the general partner (or an affiliate) will receive a "profits interest" with respect to such portfolio company investments (i.e., an interest similar to the capital interest the general partner and/or such employees and family members would have held, but payable only out of any available profits).

Other Fees and Expense Reimbursement

Other Fees

In addition to the Advisory Fees and Carried Interest (defined below), the Adviser and its affiliates from time to time receive a variety of other cash, equity and other non-cash fees relating to the investment activities of a Fund, its portfolio companies and prospective portfolio companies including directors' fees, consulting fees, advisory fees, monitoring fees, transaction fees, closing fees, break-up fees, and other similar fees paid to the Adviser or its affiliates in connection with the Fund's investments or otherwise (collectively with the other fees described in this section, "Other Fees"). The amount and timing of Other Fees received by the Adviser or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction.

As noted above, the Adviser and its affiliates receive "monitoring fees" pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals, and the payment of monitoring fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric).

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. 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.

The payment of Other Fees and reimbursements 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 a Fund and its investors because the amounts of these Other Fees and reimbursements are often substantial and a Fund and its investors generally do not have a direct interest in these fees and reimbursements. 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 a Fund.

Other Fees are often substantial and may be paid in cash, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto) or otherwise. Although Other Fees are in addition to the Advisory Fees, the Advisor will in some circumstances reduce the amount of Advisory Fees paid by a Fund in connection with the amount of a Fund's pro rata share of any Other Fees. Generally, for purposes of calculating any Advisory Fee offset, Other Fees are net of certain out-of-pocket costs and expenses incurred by the Adviser or its affiliates in connection with consummated or unconsummated transactions or in connection with generating any such fees.

Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle, or third-party investor that does not pay Advisory Fees will be retained by the Adviser and such amounts will not offset any Advisory Fee payable by a Fund.

From time to time, the Adviser (in its sole discretion) agrees to pay a portion of an Other Fee received from an actual or prospective portfolio company to a third party, such as a consultant, advisor, finder, broker, co-investor, and/or investment bank. The Adviser is not required to share the portion of the Other Fee paid to a third party with a Fund (or its investors) and the portion of an Other Fee paid to such third-party will not reduce Advisory Fees.

Portfolio Company Expense Reimbursements

A portfolio company will typically reimburse the Adviser for expenses incurred by the Adviser and its affiliates in connection with its performance of services for such portfolio company. To the extent not reimbursed by a portfolio company, such expenses will be paid or reimbursed by a Fund to the extent permitted under the organizational documents. Expenses typically reimbursed by portfolio companies include, without limitation, travel expenses (which may include expenses for private, chartered or first class travel, and meals, and entertainment expenses (including, as applicable, closing dinners and mementos, private cars and meals (outside normal business hours), social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers)), expenses relating to training programs, meetings, or other events (to the extent such programs, meetings, or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting, and relocation expenses), indemnification expenses, certain legal expenses, and similar out-of-pocket expenses, as well as consulting fees, and other cash and non-cash compensation and expenses. As described above, such reimbursements are not subject to the Advisory Fee offset mechanisms described herein.

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.

Expenses

Adviser Expenses

Except as set forth below under “Fund Expenses,” the Adviser will be responsible for all normal operating expenses incidental to the day-to-day administrative services to a Fund in connection with developing, investigating and monitoring investments, including compensation of its employees, overhead expenses, travel, food, and lodging and outside consulting services relative to the selection of investments.

Fund Expenses

To the extent permitted by the organizational documents of the Funds, each Fund will bear all fees, costs, and expenses relating to its operations, including (i) fees, costs, and expenses relating to legal (including fees of counsel and litigation expenses), accounting, audit, investment banking, consulting, brokerage, sale, depository (including a depository appointed pursuant to the Alternative Investment Fund Managers Directive) and similar services; (ii) fees, costs, and expenses relating to marketing, advertising, printing, and other fundraising expenses associated with the admission of an investor and investor-related services and other similar costs (including private travel and entertainment), provided that any such expenses that are organizational expenses of a Fund will be subject to any overall cap described in the organizational documents of that Fund; (iii) expenses for meals, social and entertainment events (with Portfolio Company management, customers, clients, borrowers, brokers and service providers); (iv) without duplication of the expenses described in (ii) above, organizational expenses of the Fund and the general partner (subject to any overall cap on organizational expenses); (v) fees, costs, and expenses of third-party valuation agents for valuations, appraisals, or pricing services; (vi) administration expenses; (vii) brokerage, finders’, custody, transfer, and registration fees, costs, and expenses; (viii) expenses of the advisory committee and its meetings (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related expenses, fees and expenses of any counsel retained by the advisory committee to the extent permitted under the organizational documents); (ix) bridge financing expenses (which may be payable to another fund, account, or vehicle co-investing in the bridge transaction or to the Adviser or an affiliate, in each case, being the entity providing the bridge financing to a Fund); (x) financing, commitment, origination, and similar fees and expenses; (xi) costs of insurance including general partner liability insurance; (xii) extraordinary administrative or operating expenses, (including all litigation and indemnification expenses); (xiii) interest; (xiv) taxes; (xv) fees, costs, and expenses related to the organization or maintenance of any intermediary entity used to acquire, hold, or dispose of an investment or to otherwise facilitate a Fund’s investment activities; (xvi) expenses associated with a Fund’s compliance with applicable laws and regulations, including regulatory filings as they relate to a Fund’s activities; (xvii) out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of a Fund or the Fund’s general partner that are attributable to the operation of a Fund or requested by one or more investors in a Fund; (xviii) expenses incurred in connection with complying with provisions in investor side letter agreements, including “most favored nation” provisions; (xix) costs associated with any amendments, modification, revisions, or restatements to the organizational documents of a Fund; (xx) costs and expenses of hosting annual or special meetings of a Fund’s investors (including set-up costs, speaker fees, honorarium, dining, entertainment, travel and travel-related and other expenses); (xxi) expenses for transactions

not completed by a Fund (“Broken Deal Expenses”), including any portion that would otherwise be allocable to third-party co-investors (which will be borne by a Fund and the GP Co-Investors, pro rata on the basis of the capital intended to be invested by a Fund and such GP Co-Investors in such transaction); (xxii) fees, costs, and expenses generated in the course of organizing, maintaining, administering, operating, and negotiating joint venture arrangements and platform investments; (xxiii) fees, costs, and expenses directly related to the purchase and sale of securities; (xxiv) expenses of liquidating a Fund; (xxv) the Advisory Fee; (xxvi) fees, costs, and expenses of any placement agent in connection with the organization of a Fund (which fees and expenses, to the extent paid by the Partnership, will reduce the Advisory Fee); and (xxvii) subject to the approval of the advisory committee, any extraordinary expense.

Allocation of Expenses

From time to time, the Adviser will be required to decide whether certain fees, costs, and expenses should be borne by the Adviser, a Fund, a portfolio company, co-investors, and/or a third party (each, an “Allocable Party”) and if so, how such fees, costs, and expenses should be allocated among the relevant Allocable Parties. Certain fees, costs, and expenses may be the obligation of one particular Allocable Party and may be borne by such Allocable Party, or fees, costs, and expenses may be allocated among multiple Allocable Parties. The Adviser will make allocation determinations among Allocable Parties on a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation (which such methodologies may include pro rata allocation based on the respective capital commitments of the relevant Funds, pro rata allocation based on the respective investment (or anticipated investment) of an Allocable Party in an investment, relative benefit received by an Allocable Party, or such other equitable method as determined by the Adviser in its sole discretion). The Adviser will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable.

A Fund will reimburse the Adviser for approved expenses (including travel expenses, which include expenses for private or first-class travel) incurred by the Adviser in connection with its performance of services for portfolio company or investment due diligence, and such reimbursements are not applied to reduce the Advisory Fee. Such expenses include reimbursement for the use of aircraft owned by the Adviser or its affiliate. In instances where the Adviser seeks reimbursement from a portfolio company for the use of such aircraft, including for fundraising trips or flights related to portfolio companies, such portfolio company will be asked to reimburse the Adviser an amount based on the non-refundable coach rate near the time of the flight for each person traveling. In instances where the Adviser seeks reimbursement from a Fund for investment due diligence expenses incurred by a Fund, the Fund will be asked to reimburse the Adviser an amount based on hours flown times the operating cost per hour of each plane.

There may be occasions when one Allocable Party (the “Payor Allocable Party”) pays an expense common to multiple Allocable Parties (the “Allocated Parties”) (e.g., legal expenses for a transaction in which multiple funds and/or co-investors participate). On such occasions, each Allocated Party will reimburse the Payor Allocable Party for its share of such expense, generally without interest, promptly after the payment is made by the Payor Allocable Party. In addition, there may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another

Allocable Party. Subject to the organizational documents, the borrowing fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties. While highly unlikely, it is possible that one of the Allocated Parties could default on its obligation to reimburse the Payor Allocated Party.

From time to time, the general partner of a Fund creates alternative investment structures for purposes of accommodating legal, tax, regulatory, or similar reasons of some or all investors in a Fund. In the event the general partner creates such a structure, subject to the terms of the organizational documents, the expenses related to its organization and formation and other expenses will be borne by a Fund, and indirectly the investors (even if certain investors do not participate in such structure).

Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by a Fund from that service in any particular instance. For example, a Fund will be required to bear all of the Broken Deal Expenses, including diligence expenses related to unsuccessful co-investment opportunities, and co-investors (other than the GP Co-investors) are not expected to bear such expenses. Because third-party co-investors may not be identified and/or may not agree to invest until relatively late in the investment process, or for other reasons, such co-investors will not bear their proportionate share of investment-related expenses for investments ultimately not consummated.

Carried Interest Payments

Additionally, please see Item 6 below regarding “Carried Interest” that Funds may pay.

Brokerage Fees

Although the Adviser does not frequently utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

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

A portion of the profits, if any, of each Fund is distributed to its general partner as carried interest (the “Carried Interest”). Each general partner of a Fund is a related person of the Adviser. Carried Interest paid by a Fund is indirectly borne by investors in such Fund.

Carried Interest is based on a percentage of profits once the Funds achieve a designated hurdle rate. Since the performance of some Funds may not exceed the hurdle rate, they may not pay any Carried Interest. The payment by some, but not all, Funds of Carried Interest at 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 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. Additionally, the Adviser periodically reviews the time and services being devoted to the Funds to ensure that the necessary resources are being allocated to each Fund. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

Item 7. Types of Clients

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

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

The Funds typically have a minimum required investment; however, the general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

The Funds make primarily long-term private equity and equity-related investments, as well as investments in debt instruments. In accordance with the Funds' respective investment objectives, the Funds generally invest in control buyout equity investments in established middle market companies. In making these investments, Quad-C seeks to meet the following criteria:

- Invest in high quality, market-leading businesses;
- Partner with experienced management teams;
- Identify partner seeking sellers;
- Add value to the enterprise through corporate development and operational assistance;
- Focus on attractive risk-adjusted returns; and
- Evaluate businesses on a stand-alone basis and opportunistically pursue growth through acquisitions.

Methods of Analysis:

Quad-C uses due diligence to identify and evaluate risk, vet the value creation strategy, assess growth opportunities and identify ways to improve the overall competitive position of the company. Quad-C is also able to assess the "open-mindedness" of the management team during this process, which is important to successfully execute a value creation strategy that evolves over time. Quad-C seeks investments where the target company's strengths are sustainable and where weaknesses can be addressed and improved in the near term. Quad-C makes an investment when it can agree up front on a logical and achievable value creation strategy with the management team, and where Quad-C can develop and agree on an initial "blueprint" for post investment action items.

A key component of the due diligence process is identifying objective outside experts with specific knowledge of the subject industry to supplement in-house industry and market sector knowledge of the firm. Quad-C typically employs market consultants and performs end-user surveys where the consultants and/or Quad-C team members speak directly to the existing and potential customers and vendors of the target business. Quad-C often further supplements its business due diligence efforts by employing experts to address other important areas (e.g., manufacturing process and capacity reviews, accounting reviews including assessments of financial reporting and tax issues, insurance and employee benefits reviews, environmental practices/risks assessments, legal and regulatory reviews, information systems, background checks, etc.). One of the final products of the due diligence process is a detailed multi-year forecast and business plan for the targeted acquisition. The management team's incentive compensation is based in part on the company achieving the operating profit targets of this forecast, a practice which aims to deliver certain levels of return to Quad-C.

Business due diligence culminates in round-table meetings where a thorough review of each potential investment is conducted, assumptions are challenged, and various downside scenarios

are discussed. After feedback is collected and discussed as a team, Quad-C will make a final determination on each prospective investment.

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:

Difficulty of Locating Suitable Investments. Although Quad-C has been successful in identifying suitable investments in the past, it may be unable to find a sufficient number of attractive opportunities to meet the investment objectives of the Funds. The past investment performance of Quad-C Funds cannot be relied on as an indicator of a Fund's future performance or success.

Inability to Manage Fund Realizations. It is uncertain as to when profits, if any, will be realized on Fund investments. Losses on unsuccessful investments may be realized before realization of gains on successful investments. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of a portfolio company investment. While a portfolio company investment may be sold at any time, it is not generally expected that this will occur for a period of some years after the initial investment. Prior to such time, there is unlikely to be a current return on the investments. In addition, a Fund may be unable to sell or otherwise dispose of an investment if a member of a Fund's general partner or the Adviser is in possession of material, non-public information relating to the issuer thereof due to the member's service as an officer or director of such portfolio company.

Investments in Middle Market, Smaller or Less Established Companies. A Fund may invest in middle market companies, which lack management depth or the ability to generate internally or obtain externally the funds necessary for growth. Companies with new revenue streams could sustain significant losses if projected markets do not materialize. Further, such companies may have, or may develop, only a regional market for specific revenue streams and may be adversely affected by purely local market conditions. Middle market, smaller or less established companies tend to have lower capitalizations and fewer resources and therefore, often are more vulnerable to financial stress or failure, and the risk of bankruptcy or insolvency is higher. Such companies also may have shorter operating histories on which the Fund can judge future performance when making the decision to invest. Lastly, such companies may face intense competition from larger companies and could entail a greater risk to a Fund than investment in larger companies. Many such companies may operate with substantial variations in operating results from period to period. Many of these companies may need substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing, and service capabilities and a larger number of qualified managerial and technical personnel.

Investments in Equity Securities. Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other indebtedness of the portfolio company issuing such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. A Fund may experience a substantial or complete loss on individual equity securities.

Investments in Debt Securities. A Fund may invest in debt securities of existing or new portfolio companies or other issuers in instances where, subject to the organizational documents, a Fund's general partner believes it would be beneficial for that Fund to do so. Debt securities are subject to creditor risks, including the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws and so-called lender liability claims by the portfolio company issuing the obligations. Adverse credit events with respect to any portfolio company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of a Fund's investment in any such portfolio company. Accordingly, there can be no assurance that a Fund's rate of return objectives will be realized.

Where a Fund invests in secured debt securities, such debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets.

Public Company Holdings. A Fund may invest in public companies. Such investments may subject a Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased compliance costs, including obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' board members (which may include individual members of the Fund's general partner and the Adviser), regulatory action by governmental bodies, and increased costs associated with each of the aforementioned risks.

Special Purpose Acquisition Companies. A Fund may invest in units of, shares of, warrants to purchase stock of, and other interests in special purpose acquisition companies or similar special purpose entities that pool funds to seek potential acquisition opportunities (collectively, "SPACs"). Because SPACs and similar entities have no operating history or ongoing business other than seeking to complete a business combination with one or more companies, the value of each of their securities is particularly dependent on the ability of the entity's management to identify and complete a successful business combination. Some SPACs may pursue acquisitions only within certain industries or regions, which may increase the volatility of their prices. An investment in a SPAC is subject to a variety of risks, including, among others, that (i) as a newly formed company with no operating history, there is no basis on which to evaluate the ability to achieve the SPAC's business objective; (ii) an attractive business combination target may not be identified at all and the SPAC may be required to liquidate and return any remaining monies to shareholders; (iii) shareholders may not be afforded an opportunity to vote on the proposed business combination; (iv) a business combination, if effected, may prove unsuccessful and an investment in the SPAC may lose value; (v) the warrants or other rights with respect to the SPAC held by a Fund may expire worthless or may be repurchased or retired by the SPAC at an unfavorable price; (vi) a Fund may be delayed in receiving any redemption or liquidation proceeds from a SPAC to which it is

entitled; (vii) an investment in a SPAC may be diluted in connection with the business combination or by additional financings; (viii) no or only a thinly-traded market for shares of or interests in a SPAC may develop, leaving a Fund unable to sell its interest in a SPAC or to sell its interest only at a price below what a Fund believes is the SPAC interest's intrinsic value; and (ix) the values of investments in SPACs may be highly volatile and may depreciate significantly over time.

In addition, a Fund may invest in the at-risk capital of a SPAC, which may be in the form of limited liability company interests in such SPAC's sponsor, private placement warrants of the SPAC, units of the SPAC, or shares of the SPAC. An investment in the at-risk capital of a SPAC is subject to complete loss if the SPAC does not complete a business combination. Investments in a SPAC sponsor consist of securities issued on a private placement basis, which are subject to legal and contractual lockups and transfer restrictions and are illiquid. In connection with a business combination, a SPAC sponsor may agree to forfeitures, earn outs, additional lock ups, or other agreements that may have the effect of reducing the value of any such investments.

In connection with any such investments, a Fund may have the ability to appoint one or more persons to the board of any such SPAC. Any such board member may become aware of material non-public information that could impact a Fund's ability to trade in the securities of certain issuers.

Risks Relating to Due Diligence of and Conduct at Portfolio Companies. The due diligence investigation that a Fund carries out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. In addition, at times, a Fund's transaction opportunities will require rapid execution, and investment analyses and decisions by a Fund's general partner may be required to be undertaken on an expedited basis to take advantage of investment opportunities. In such cases, the information available to the Fund's general partner at the time of making an investment decision may be limited, and the Fund's general partner may not have access to detailed information regarding the investment. Therefore, no assurance can be given that the Fund's general partner will have knowledge of all circumstances that may adversely affect an investment. Moreover, such an investigation will not necessarily result in the investment being successful. The Fund's general partner and the Adviser may rely on the findings of third-party advisors or consultants in making investment and management decisions. Such third parties do not owe any fiduciary duties to a Fund or its limited partners, yet may be entitled to indemnification under the terms of their respective service contracts or other arrangements made with the Fund's general partner and/or the Adviser, and the costs and expenses of such indemnification would be borne by a Fund. In addition, if a Fund is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected.

Reliance on Quad-C. Limited partners will have no opportunity to control the day-to-day operations, including investment and disposition decisions, of the Funds. In order to safeguard their limited liability for the liabilities and obligations of a Fund, limited partners must rely entirely on Quad-C to conduct and manage the affairs of the Fund. The loss of the services of one or more of Quad-C's investment professionals could have an adverse impact on a Fund's ability to realize its investment objectives. There can be no assurance that each of Quad-C's investment professionals will continue to be affiliated with the Funds throughout their anticipated terms.

Minority Investments. A Fund occasionally may make minority equity investments in portfolio companies where it may not be able to protect its investment or to control or influence effectively the business or affairs of such entities. The Funds may be adversely affected by action taken by the majority shareholder(s) of such portfolio companies.

Risk Arising from Provision of Managerial Assistance. The Funds may at times designate directors to serve on the boards of directors of or otherwise acquire management rights in portfolio companies. The designation of representatives and other measures contemplated could expose the assets of a Fund or its representatives to claims by a portfolio company, its security holders and its creditors.

Risks of Certain Investments. In connection with the disposition of an investment in a portfolio company, a Fund may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. The Funds may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which will be borne by a Fund. In that regard, limited partners may be required to return amounts distributed to them to pay for a Fund's obligations, including indemnity obligations.

Fund Leverage. A Fund may incur debt for any purpose that the Fund's general partner considers appropriate, including without limitation borrowings to fund investments pending take-downs of capital and in connection with credit support. A Fund may enter into borrowing arrangements that require a Fund and its related vehicles to be jointly and severally liable for the obligations, increasing the exposure of the investors to defaults by such other entities.

A Fund may, subject to the limitations set forth in its organizational documents, also incur leverage that is not short-term in nature. While leverage presents opportunities for increasing total returns, it may increase losses as well. Accordingly, any event that adversely affects the value of an investment by a Fund would be magnified to the extent leverage is used.

A Fund may also guarantee the obligations of its portfolio companies. If a portfolio company defaults on its obligations, a Fund may be required to satisfy such obligations.

Derivatives. All derivative instruments involve risks different from, and potentially greater than the risks associated with, investing directly in securities and other more traditional assets, including the risk of loss as a result of the failure of the other party to a derivative to comply with the terms of the derivative contract. Many derivative instruments are also subject to documentation risk, which is the risk that ambiguities, inconsistencies, or errors in the documentation relating to a derivative transaction may lead to a dispute with the counterparty or unintended investment results. In addition, if a derivative transaction is particularly large or if the relevant market is illiquid (as is the case with many over-the-counter derivatives), it may not be possible to initiate a transaction or liquidate a position at an advantageous price. Because many derivatives have a leverage component (e.g., a notional value in excess of the assets needed to establish and/or maintain the derivative position), adverse changes in the market value or level of the underlying asset, rate, or index can result in a loss substantially greater than the amount invested in the derivative itself. Other risks in using derivatives include the risk of mispricing or incorrect valuation of derivatives.

Financial Market Fluctuations; Political Measures. General fluctuations in the market prices of securities may affect the value of the investments held by the Funds, and instability in the securities markets will also likely increase the risks inherent in the Funds' investments. There can be no assurance that economic and market conditions will be favorable in respect of both the investment and disposition activities of a Fund. In reaction to changing economic and market conditions, regulators in the United States and several other countries have undertaken in the past and may undertake in the future regulatory actions and implement other measures to ensure stability in the financial markets. Despite these efforts and the efforts of securities regulators of other jurisdictions, global financial markets could become and remain extremely volatile. In addition, new regulations could limit the Fund's activities and investment opportunities or change the functioning of capital markets. Unpredictable changes in social patterns and trends may have an impact on consumer behavior and create a negative effect on the profitability of the Fund's investment program.

Volatility in the financial sector may have a material adverse effect on the ability of a Fund to buy, sell, and partially dispose of its investments. A Fund may be adversely affected to the extent that it seeks to dispose of any of its investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The 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. Portfolio companies may depend on the availability of capital financed from third parties, and, to the extent such capital is not available on reasonable terms or at all, those of a Fund's 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 a Fund's investments.

Currency Hedging Transactions. A Fund may, but is not required to, engage in currency hedging transactions. There can be no assurance, however, that hedging transactions will be available or be available at a reasonable cost, or that such hedging transactions will be effective. Such hedging transactions may even exacerbate any negative impact on a Fund resulting from changes in currency exchange rates. While a Fund may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in a poorer overall performance for a Fund than if it had not entered into such hedging transactions.

Reliance on Portfolio Company Management. Although a Fund's general partner will monitor the performance of each investment of a Fund, it will be the responsibility of each portfolio company's management team to operate the portfolio company's business on a day-to-day basis. A Fund's general partner generally intends to invest in companies with strong management and/or recruit strong management to such companies; however, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in a manner that maximizes the value of the company's business and operations.

Legal, Tax and Regulatory Risks. Legal, tax and regulatory changes could occur during the term of a Fund that may adversely affect the Fund, its portfolio companies, or the partners of that Fund. New laws or revised regulations may be imposed by the SEC, the U.S. Federal Reserve or other banking regulators, other governmental regulatory authorities, or self-regulatory organizations that

supervise the financial markets that could adversely affect a Fund. A Fund may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of the investments held by a Fund and the ability of a Fund to execute its investment strategy. The impact of any such future laws or regulations is uncertain and could have a substantial and adverse impact on a Fund and the investors.

Tax Reform Risks. A broad-based reform of the Internal Revenue Code of 1986, as amended (the “Code”) was signed into law on December 22, 2017 (the “Tax Act”) and legislation known as the “Coronavirus Aid, Relief and, Economic Security Act” (the “CARES Act”) 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. While additional guidance is expected, the timing, scope and content of such guidance are not known. Changes to the Code and any further changes in tax laws or interpretation of such laws may be adverse to the Funds and their investors. For example, the Tax Act subjects Carried Interest and gain on the sales of profits interests in certain partnerships realized in taxable years beginning after December 31, 2017, to higher rates of U.S. federal income tax than under prior law in certain circumstances. These changes could cause the Adviser’s investment professionals to incur a material increase in their tax liability with respect to their entitlement to Carried Interest. This might make it more difficult for the Adviser to incentivize, attract and retain these professionals, which may have an adverse effect on the Adviser’s ability to achieve the investment objectives of the Funds. In addition, this can create a conflict of interest as the tax position of the Adviser may differ from the tax positions of the Funds and/or the investors and therefore, these rules have an additional impact on the investment decisions made on behalf of the Funds, including with respect to decisions on the timing and structure of investments and dispositions and whether to pursue other realization events during the holding period of an investment such as non-liquidating distributions. For example, the Tax Act gives the Adviser an incentive to cause a Fund to hold an investment for longer than three years in order to obtain lower tax rates on Carried Interest gains even if there are attractive realization opportunities earlier than three years. The Tax Act also creates the incentive for the Adviser to waive receipt of such Carried Interest and recoup such amount from subsequent liquidity events at potentially lower tax rates than the tax rates borne by the Fund’s investors with respect to the earlier distributions.

Cybersecurity Risk. The use of the internet and cloud-computing and the dependence on computer systems to perform necessary business functions may expose investment vehicles such as the Funds, their portfolio companies, and their service providers to operational and information security risks resulting from cyber attacks. In general, cyber attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber attacks. Successful cyber attacks against, or security breakdowns of the Funds, their general partner, the Adviser, the Funds’ portfolio companies, and/or any of their third-party service providers may adversely impact the Funds or their limited partners. 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 a Fund's limited partners. A Fund and its limited partners could be negatively impacted as a result. While the Adviser has established business continuity plans and systems designed to prevent such cyber attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cybersecurity risks are also present for issuers of securities or other instruments or portfolio companies in which the Funds invest, which could result in material adverse consequences for such issuers and may cause the investments therein to lose value.

Possibility of Fraud and Other Misconduct of Employees and Service Providers. Misconduct by employees of the Adviser or by third-party service providers to a Fund could cause significant losses to a Fund. Losses could also result from actions by third-party service providers, including, without limitation, improperly performing administrator or other responsibilities. In addition, employees and third-party service providers may improperly use or disclose confidential information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects. Although the Adviser has adopted measures reasonably designed to prevent and detect employee misconduct and to select reliable third-party providers, such measures may not be effective in all cases.

Financial Fraud by Portfolio Companies. There can be no assurance that a Fund will be able to detect or prevent irregular accounting, employee misconduct, or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by a Fund will be adequate. In the event of fraud or other misconduct or deceptive practices by any portfolio company, the management of such portfolio company, or any of their affiliates, a Fund may suffer a partial or total loss of capital invested in that portfolio company. In addition, conduct occurring at portfolio companies, even activities that occurred prior to a Fund's investment therein, could have an adverse impact on a Fund.

Market Disruption, Terrorism and Geopolitical Risk. The Funds are subject to the risk that war, terrorism, climate change, social unrest, and related and unrelated geopolitical and other new or novel market disrupting events as well as outbreaks of infectious disease, pandemics, or any other serious public concerns (cumulatively, "Market Disruption Events") may lead to increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of Fund investments. Market Disruption Events, as well as other changes in world economic, social, and political conditions, also are likely to adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment, and other factors affecting the value of a Fund's investments. At such times, a Fund's exposure to a number of other risks described elsewhere in this section can increase. Moreover, a sustained downturn in the U.S. or global economy (or any particular segment thereof) or weakening of credit markets is likely to adversely affect a Fund's profitability, impede the ability of a Fund's portfolio companies to perform under or refinance their existing obligations, and impair a Fund's ability to effectively exit its investments on favorable terms. Any of the foregoing events are likely to result in substantial or total losses to a Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a particular portfolio company's capital structure.

Coronavirus Outbreak Risks. The global outbreak of COVID-19 has led, and for an unknown period of time will continue to lead, to disruptions in local, regional, national, and global markets and economies affected thereby. In the U.S., this outbreak has resulted in, and until fully resolved is likely to continue to result in, the following, among other things: (i) government imposition of various forms of “stay at home” orders and the closing of “non-essential” businesses resulting in (x) significant disruption to many businesses including both supply chains and demand, and (y) lay-offs of employees, which effects are hoped to be temporary but may be permanent for some of these businesses; (ii) shutdowns and significant delays at government agencies, (iii) increased draws by borrowers on revolving lines of credit; (iv) increased requests by borrowers for amendments and waivers of their credit agreements to avoid default, and increased defaults by such borrowers and/or increased difficulty in obtaining refinancing at the maturity dates of their loans; (v) volatility and disruption of the loan market, including greater volatility in pricing and spreads and difficulty in valuing loans during periods of increased volatility, and liquidity issues; and (vi) rapidly evolving proposals and/or actions by state and federal governments to address problems being experienced by the markets and by businesses and the economy in general. It is impossible to determine the scope of this outbreak, or any future outbreaks, how long any such outbreak, market disruption, or uncertainties may last, the effect any governmental actions may have or the full potential impact on a Fund. Furthermore, a Fund’s general partner’s and 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 a Fund’s investment strategies and objectives and a Fund’s general partner’s and the Adviser’s business and to satisfy its obligations to a Fund, its limited partners, and pursuant to applicable law may be impaired.

Non-U.S. Trade Policy. If the U.S. federal government continues to make significant changes in U.S. trade policy, including imposing tariffs on certain goods and raw materials imported into the United States, such actions may trigger retaliatory actions by the affected countries, resulting in “trade wars,” which may cause increased costs for goods and raw materials imported into the United States, or in trading partners limiting their trade with businesses in the United States, either of which may have material adverse effects on a portfolio company’s business and operations. Such “trade wars” may cause significant losses for a Fund and/or one or more of its portfolio companies.

Risks Resulting from the United Kingdom’s Exit from the EU. The United Kingdom left the European Union on January 31, 2020 (commonly referred to as “Brexit”). From January 1, 2021, European Union laws ceased to apply in the United Kingdom. However, many European Union laws have been transposed into English law and these transposed laws will continue to apply until such time that they are repealed, replaced, or amended. Depending on the terms of any future agreement between the European Union and the United Kingdom on financial services, substantial amendments to English law may occur, and it is impossible to predict the consequences on the Fund and its investments. Such changes could be materially detrimental to investors.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on the United Kingdom, European, and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax, and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability, and cost of bank financing, regulation, values, or exit opportunities of companies or assets based, doing

business, or having service or other significant relationships in, the United Kingdom or the European Union, including companies or assets held or considered for prospective investment by a Fund.

Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk, and, in particular, asset and liability management due in part to redenomination of financial assets and liabilities, an adverse effect on the ability of the Adviser and its affiliates to manage, operate and invest in a Fund and increased legal, regulatory or compliance burden for the General Partner, the Adviser, their affiliates, and/or a Fund, each of which may have a negative impact on the operations, financial condition, returns, or prospects of a Fund.

Areas where the uncertainty created by the United Kingdom's withdrawal from the European Union is relevant include, but are not limited to, trade within Europe, foreign direct investment in Europe, the scope and functioning of European regulatory frameworks (including with respect to the regulation of alternative investment fund managers and the distribution and marketing of alternative investment funds), industrial policy pursued within European countries, immigration policy pursued within European Union countries, the regulation of the provision of financial services within and to persons in Europe, and trade policy within European countries and internationally. The volatility and uncertainty caused by the withdrawal may adversely affect the value of a Fund's investments and the ability to achieve the investment objective of a Fund.

LIBOR Transition. On July 27, 2017, the head of the UK Financial Conduct Authority ("FCA") announced that the FCA intends to stop encouraging or compelling banks to submit rates for the calculation of LIBOR after 2021. As of the date hereof, the continued use of LIBOR as benchmark for floating rate business loans and for lending arrangements such as any credit facility is anticipated to be phased out no later than the end of 2021. The survival of LIBOR in its current form, or at all, is not guaranteed after 2021. The elimination of a reference rate or any other changes or reforms to the determination or supervision of reference rates could have an adverse impact on the market for, or value of, any securities or payments linked to those reference rates.

There remains uncertainty regarding the likely replacement benchmark rate for LIBOR. As such, the potential effect of a transition away from LIBOR on a Fund or the financial instruments in which a Fund invests cannot yet be fully determined.

Data Protection Laws. Compliance with current and future privacy, data protection, and information security laws, and the ways that these are applied or interpreted by regulators and courts, could significantly impact a Fund's current and planned privacy and information security-related practices, as well as its collection, use, sharing, retention, and safeguarding of personal data and some of its current and planned business activities. A failure to comply with such laws could result in fines, sanctions, or other penalties, which could materially and adversely affect results of operations and overall business, as well as have an impact on the reputation of a Fund, the General Partner, the Adviser, and their affiliates.

Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to the evaluation of the Adviser or the integrity of the Adviser's management. There is no information to disclose that is applicable to this Item.

Item 10. Other Financial Industry Activities and Affiliations

Related General Partners

Various limited partnerships and limited liability companies (the “General Partners”) serve as general partners of the Funds, and various limited liability companies serve as general partners of the General Partners. The General Partners and its general partners are affiliates of the Adviser and may share common owners, officers, partners, employees, or persons occupying similar positions. For a description of material conflicts of interest created by the relationship among the Adviser, the General Partners, and the General Partners’ general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

The Adviser has adopted a written Code of Ethics that is applicable to all of its partners, officers, principals, employees and other personnel of the Adviser, as well as officers, principals, directors (or other persons occupying a similar status or performing similar functions), employees and other personnel of its affiliates and certain independent contractors (collectively, “Adviser Personnel”). The Code of Ethics, which is designed to comply with Rule 204A-1 under the 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 also required to file certain periodic reports with the Adviser’s Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

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

A copy of the Code of Ethics is available to any client or prospective client upon written request to: Nina T. Myers, Quad-C Management, Inc., 200 Garrett Street, Suite M, Charlottesville, VA 22902.

Participation or Interest in Client Transactions

The Adviser and certain employees and affiliates of the Adviser may invest in the Funds, either through the General Partners, as direct investors in the Funds, through co-investment vehicles formed to make the General Partners’ required co-investment in portfolio companies, pursuant to secondary purchases of interests in the Funds or otherwise. A Fund or its General Partner, as applicable, may reduce all or a portion of the Advisory Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see “Conflicts of Interest” immediately below.

Due in part to the fact that potential investors in a Fund 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 limited partners.

Conflicts of Interest

The Adviser and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other investment funds, and providing transaction-related, investment advisory, management and other services to funds and portfolio companies. 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 as a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain employees of the Adviser or its affiliates invest alongside one or more Funds in one or more investment opportunities as required under the terms of the applicable Fund's partnership agreement. Such vehicles, referred to herein as "co-investment vehicles," generally are contractually required, as a condition of investment, 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. Such co-investment vehicles do not pay Advisory Fees or Carried Interest.

Resolution of Conflicts

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

- (1) A Fund will not make an investment unless the Adviser believes that such investment is an appropriate investment considered solely from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the relevant offering and/or organizational documents for the Funds;
- (3) Generally, each Fund (other than the co-investment vehicles) has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser. The advisory committee meets as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) Where the Adviser deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (5) 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.

While the Adviser endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions.

Conflicts

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

Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities

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

- The Funds and any future Funds advised by the Adviser or its affiliates;
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s), the investors in such co-investment vehicles which may include Adviser personnel, business associates, and/or individuals and entities that are not investors in the Funds, including “friends and family” of the Adviser and other third parties;
- Fund investors and/or third parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Fund investors and/or third parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

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

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in the instrument under which the Fund was established (such as a Fund’s limited partnership agreement or private placement memorandum) or in side letters. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

In circumstances where more than one Fund is eligible to participate in an investment after taking into account the Investment Allocation Requirements, each Fund’s limited partnership agreement (or analogous organizational document) and any other applicable legal, regulatory or contractual restrictions, the Adviser will determine, in its discretion, how to allocate such opportunities. In

doing so, the Adviser may consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund's investment objectives and investment focus;
- Each Fund's liquidity and reserves (including whether a Fund is able to commit to invest all capital required to consummate a particular investment opportunity);
- Structural and operational differences between the Funds;
- Each Fund's diversification (including the actual, relative, or potential exposure of a Fund to the type of investment opportunity in terms of its existing portfolio);
- The amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Composition of each Fund's portfolio and each Fund's investment concentration parameters (including, without limitation, geography); and
- Any other relevant limitations imposed by or conditions set forth in the applicable offering and organizational documents of each Fund.

The application of the 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 at the time such investments are made, however investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Fund in hindsight.

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 Fund(s) 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 Funds based, in whole or in part, on (i) the relative fee structure or amount of fees paid by a Fund or (ii) the profitability of a Fund.

The Adviser will seek to make all allocations of investment opportunities among the Funds in a fair and equitable manner, and will not favor or disfavor, consistently or consciously, any Fund or class of Funds in relation to any other Funds. Further, the Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund, (ii) the profitability of any Fund or (iii) any person's interest in offering or participating in co-investment opportunities outside of any Fund. While the Adviser determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

In addition, Adviser Personnel invest indirectly in and may be permitted to invest directly in Funds and may therefore participate indirectly in investments made by Funds. Such interests will vary and may create an incentive to allocate particularly attractive investment opportunities to Funds in which such personnel hold a greater interest (which, for the avoidance of doubt, does not refer to any variation in the investment opportunities that such personnel may participate in through a Fund, which participation is at a fixed ratio as governed by the terms of that Fund's organizational documents). The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund. The organizational documents of Funds include mechanisms to address certain, but not all, conflicts of interest related to the above, including restrictions on participation in an investment by a Fund in which one or more of certain affiliates of the Adviser or one or more Funds have a pre-existing interest.

The Adviser and/or a Fund may invest in the securities offerings of a portfolio company held by another Fund (including through initial public offerings), which would result in the Adviser and/or a Fund receiving an allocation of portfolio company securities. In addition to conflicts of interest arising from the allocation of such securities, this arrangement also leads to similar conflicts described below under "*Conflicts Related to Purchases and Sales.*"

A conflict also arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. In making such an allocation determination, the Adviser will consider some one or more of the factors set forth above and will make a determination in its good faith discretion.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for a Fund (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants, and advisers to the Adviser and/or a Fund or management teams of the applicable portfolio company, certain strategic investors, and other investors whose allocation is determined by the Adviser to be in the best interest of a Fund), and any such excess may be offered to one or more co-investors as set forth in the following paragraphs. There may be circumstances where the Adviser determines, for strategic or other reasons, the amount that could have otherwise been invested by a Fund is instead allocated to one or more co-investors.

The allocation of co-investment opportunities will, in many or all cases, involve a benefit to the Adviser, including the receipt of Advisory Fees from the co-investor, and/or capital commitments to Funds (including successor Funds). As a result of the foregoing, the Adviser could be incentivized to allocate a greater portion of an investment to a co-investor than it would have otherwise allocated absent such an arrangement or economic terms.

Subject to any Investment Allocation Requirements or other specific agreements with investors, in general, (i) no investor in a Fund has a right to participate in any 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, or other participants in the applicable transaction, such as co-sponsors; (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 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 a Fund, with the same, larger, or smaller commitments to a Fund; (iv) certain persons other than investors in the Funds (e.g., other Funds, consultants, joint venture partners, persons associated with a portfolio company and other third parties, including persons who the Adviser believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to the Adviser, a Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise), rather than one or more investors, will, from time to time be offered co-investment opportunities, in the sole discretion of the Adviser or its related persons; and (v) co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interests from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer). Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy, and counterparty). Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Funds, and any such excess may be offered to one or more co-investors pursuant to the procedures included in such Funds' organizational documents/side letter agreements and as set forth in the following paragraphs.

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

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources or similar synergies) to efficiently and expeditiously participate in the investment opportunity with the relevant Fund(s) without harming or otherwise prejudicing such Fund(s), in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- Whether a potential co-investment party has a history of participating in opportunities and the Adviser's perception of its past experiences and relationships with the potential

co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser and the expected amount of negotiations required in connection with a potential co-investment party's commitment;

- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics, and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's chemistry with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether a particular potential co-investment party has provided value in the sourcing, establishing relationships, participating in diligence and/or negotiations for such potential transaction or is expected to provide value to the business or operations of a portfolio company post-closing;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity);
- Whether the potential co-investment party has expressed interest in co-investment opportunities;
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Funds; and

- Whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of a Fund and/or the Adviser.

The factors above are not listed in order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds, potential co-investors, Adviser personnel, and third parties, and in the manner discussed above often will not result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons (including, for example, whether the Adviser and/or the general partner of a Fund are entitled, under arrangements made with certain potential co-investment parties, to additional Advisory Fees and/or Carried Interest based on the availability of co-investment opportunities offered to such parties). For example, the Adviser may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons. While the Adviser will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

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

In addition, 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 may consider the factors listed above in exercising such discretion. Subject to any restrictions in the organizational documents of the applicable Fund, the Adviser or its related persons may be asked to identify a limited number of Fund investors or third parties to potentially acquire the interest being transferred.

The appropriate allocation between Funds, Fund investors and third parties of expenses and fees generated in the course of evaluating and making investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, will be determined by the Adviser and its affiliates in their good faith discretion, consistent with the organizational documents of the Funds, as applicable.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its related persons may derive, directly or indirectly, a higher fee, compensation or other benefit. In addition, principal executive officers and other personnel 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. The existence of these varying circumstances may create an incentive to allocate particularly attractive investment opportunities to a Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund. The organizational documents of the Funds include mechanisms to address certain, but not all, conflicts of interest related to the above, including restrictions on participation in an investment by a Fund in which one or more of certain affiliates of the Adviser or one or more predecessor funds have a pre-existing interest.

Conflicts Related to Purchases and Sales

Funds can be expected from time to time to invest in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities are from time to time appropriate for Funds at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company, and the Adviser may be incentivized to choose a course of action that benefits one Fund to the detriment of another Fund.

In the event that a 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 another Fund if it has invested in the same portfolio company and does not have the same level of control or influence over the portfolio company.

Certain clients of the Adviser and its affiliates may invest in debt and securities of companies in which other clients hold securities, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund, the interests of such Fund may be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. In such instances, it may be in the best interest of the Fund holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's equity investment in the portfolio company. The involvement of such Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties of a portfolio company, 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 addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. In the event one Fund is unable to fund its share of additional capital (e.g., in the event such Fund does not have sufficient available capital), the other Fund may be obligated to fund more than its share of such amount. In such event, one Fund will gain greater exposure to such investment than may have been intended and the other Fund will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. 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.

Subject to the limitations under the organizational documents, there may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio, or liquidity needs. In addition, where a Fund and one or more other Funds invest in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, a Fund may realize different returns as compared to the same investment held by another Fund. These variations in timing may be detrimental to the Fund. At the same time, if the Adviser determines it is advisable for a Fund to exit an investment at the same time as another Fund the term of which may expire sooner than the Fund's, the Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments. Employees and

related persons of the Adviser and its affiliates are required to make capital investments in or alongside certain Funds. Such persons 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.

A Fund may invest in opportunities that another Fund has declined, and likewise, a Fund may decline to invest in opportunities in which another Fund has invested.

From time to time the Adviser will, in its discretion, enter into transactions with investors in one or more Funds, co-investors, Adviser Investors or third parties to dispose of, or “sell down,” all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will comply with the requirements set forth in the organizational documents of the applicable Fund(s), or to the extent not addressed in the organizational documents of the applicable Fund(s), the Adviser may consider some or all of the factors listed above under “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*.” The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser and the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, which means the Adviser may not obtain the highest price for the transaction. Furthermore, subject to the organizational documents, the Adviser may charge (or may decide not to charge) purchasing party interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable purchasing party. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s).

A Fund will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances a Fund will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and (b) full guarantee arrangements where 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 a Fund (including co-investment vehicles through which Adviser Personnel participate) are generally obligated to pay their proportionate share of the equity purchase price, 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 fee. Therefore, in the unlikely event that a co-investor or 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, a Fund would be held responsible for the entire equity purchase price or reverse termination fee, or other applicable obligations.

A Fund, from time to time, co-invests with third parties through partnerships, joint ventures, or other similar entities or arrangements. These investments may involve risks and conflicts 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 a Fund, or that the third party may be in a position to take actions that are inconsistent with the investment objectives of a Fund. There may also be instances where a Fund 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 conflict not existed.

Cross-Transactions

The Adviser might cause a Fund to purchase investments from another Fund, or it might cause a Fund to sell investments to another Fund, to the extent permitted by a Fund's limited partnership agreement (or analogous organizational document) which requires such transactions to be approved by the Fund's advisory committee. 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 has 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 will, from time to time (i) have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates generally receive management or other fees in connection with their management of the relevant Funds involved in such a transaction and generally are entitled to share in the investment profits of the relevant Funds. To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements of the relevant Funds. To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Investment Officer, in consultation with the Adviser's Chief Compliance Officer, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions. The Adviser will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser will not effect any such transaction for any Fund where the Adviser may be deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

Principal Transactions

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

and its affiliates may engage in principal transactions. The Adviser has established certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Management of the Funds

The Adviser manages a number of Funds that may have investment objectives similar to each other. The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicting) from, those of the current Funds. The Adviser may give advice or take actions with respect to, the investments of a Fund that may not be given or taken with respect to other Funds. As a result, clients with similar strategies will 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 will result in variations with respect to price, leverage, and associated costs of a particular investment opportunity. 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. In addition, it is expected that employees of the Adviser responsible for managing a particular Fund will have responsibilities with respect to other Funds managed by the Adviser, including Funds that may be raised in the future or to proprietary investments made by the Adviser and/or its principals of the type made by a Fund. Conflicts of interest arise in allocating time, services or functions of these officers and employees. Adviser Personnel have an incentive to allocate more time, services, or functions to Funds from which such personnel derive a higher economic benefit and/or better performing Funds.

The Adviser may consider and reject an investment opportunity on behalf of a Fund and the Adviser or an affiliate of the Adviser may subsequently determine to have another Fund make an investment in the same portfolio company. A conflict of interest arises because the other Fund will, in such circumstances, benefit from the initial evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Fund considering the investment. In such circumstances, the benefitting Fund will not be required to reimburse the other Fund for expenses incurred in connection with researching such 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 a Fund’s investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser may 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 its Funds without compensating or otherwise benefitting a Fund 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 to utilize such information to benefit the Adviser, its affiliates or a Fund in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances but does not intend to specifically disclose such conflicts to a Fund.

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

When the Adviser determines it to be in the best interests of a Fund, a Fund may enter into borrowing arrangements in the context of alternative investment vehicles that require the Fund to be jointly and severally liable for the obligations. If an alternative investment vehicle defaults on such arrangement, the Fund may be held responsible for the defaulted amount.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including 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, subject to any applicable limitations in the organizational documents. In addition, a Fund may participate in leveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest 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, contract with certain related persons of the Adviser (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Funds. When engaging a related person to provide

such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

The Adviser may compete against, or engage in business with (i.e., through co-investments and joint ventures) another investment adviser 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 derive financial or other benefit.

Subject to the organizational documents, the Adviser, its affiliates, and partners, officers, principals, and employees of the Adviser and its affiliates from time to time buy or sell securities or other instruments that the Adviser has recommended to a Fund. Partners, officers, principals, and employees of the Adviser and its affiliates may also buy securities in transactions offered to but rejected by a Fund. A conflict of interest may arise because such investing personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of a Fund. In such circumstances, the investing personnel will not share or reimburse a Fund and/or the Adviser for any expenses incurred in connection with the investment opportunity. If partners, officers, principals, and employees of the Adviser have made large capital investments alongside a Fund, they will have conflicting interests with respect to these investments. While the significant interests of the Adviser Personnel generally align the interest of such persons with the Funds, such persons may have differing interests from the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity), creating conflicts of interest.

Officers, principals, employees, and other related persons of the Adviser and its affiliates are expected to make capital investments alongside a Fund, and therefore have additional conflicting interests in connection with these investments. In addition, a Fund may invest in securities of companies in which Adviser Personnel and other related persons of the Adviser and its affiliates have previously invested for their own accounts. Furthermore, Adviser Personnel and other related persons of the Advisers and its affiliates from time to time invest for their own accounts in securities of companies in which the Funds have previously invested. The Adviser, its affiliates, and partners, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments and hold interests as passive investors in other investment vehicles (including private equity funds, hedge funds, real estate funds, and other similar investment vehicles) which may include potential competitors of the Fund and/or which may invest in similar industries and sectors as the Funds. Such Adviser Personnel have a conflict of interest with respect

to their personal investment holdings. There could be situations in which such investment vehicles invest in the same portfolio companies as the Funds, and there may be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. In addition, officers, principals, and employees may buy securities in transactions offered to but rejected by Funds. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals, and employees of the Adviser have made large capital investments in or alongside the Funds they may have conflicting interests with respect to these investments. Such personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

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.

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

Fee Structure

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

Additionally, as discussed above in Item 6, the General Partners of the Funds are entitled to Carried Interest under the terms of the limited partnership agreements of such Funds. Such general partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Pursuant to the limited partnership agreements, the General Partner may be required to return excess amounts of Carried Interest distributions as a "clawback." This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

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

The General Partner may waive (and/or impose conditions on the right to receive in the future) all or any part of the Carried Interest distributions otherwise distributable to the General Partner with respect to the investors, and, as applicable, cause allocations and distributions in respect thereof instead to be made to the investors. Conflicts of interest arise between the interests of the General Partner and the interests of the investors in connection with the General Partner's determination regarding whether to make this election and there could also be certain risks to a Fund and/or the investors associated with such election. For example, such election may change the tax character of the income or gain allocated to the General Partner and the investors relative to such allocation had such deferral not taken place. In addition, such deferral of Carried Interest distributions could positively impact a Fund's performance figures in some methods of calculation and therefore may benefit the Adviser. A deferral of the receipt of Carried Interest distributions, while generally accelerating returns to the investors, could nonetheless have an adverse impact on the long-term retention of the Adviser or Adviser personnel who participate in the Carried Interest distributions and more generally the alignment of those persons' interests with those of a Fund.

Fund Level Borrowing

A Fund from time to time borrows funds or enters into other financing arrangements for various reasons in accordance with the organizational documents. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would be used for all investors on a pro-rata basis, including the General Partner.

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

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, the investors generally make correspondingly later capital contributions, but a Fund will bear the expense of interest on such borrowed funds. As a result, a Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net internal rate of return calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to a Fund. Thus, while a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest distributions received by the General Partner by decreasing the amount of distributions from a Fund that are required to be made to the investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in

deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

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

Borrowings by a Fund will generally be secured by Commitments made by the investors to a Fund and/or by a 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 unrelated business taxable income.

Providers of Operations Support

The Adviser and its affiliates may also engage and retain operating partners, which could include affiliates of the Adviser, employees of the Adviser or such affiliates, portfolio companies of a Fund, third-party consultants (including specialized consultants, external executives, and industry roundtable members), or "senior advisors" (collectively, "Operations Support Providers"). The Operations Support Providers would be engaged to provide operational support, due diligence, research, specialized operations, and consulting services and similar or related services to a Fund or in connection with one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement, and disposition of such portfolio companies, and from time to time also provide sourcing or other investment-related functions (such services collectively, "Operations Support Services"). These services may be high level insight or extensive day-to-day roles and may include support to Quad-C on behalf of a Fund or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy, and reporting development), real estate matters, and similar operational matters. The nature of the relationship with each Operations Support Provider varies, and certain Operations Support Providers may exclusively provide services to the Fund or its portfolio companies. In certain cases, Operations Support Providers have attributes of Adviser personnel (for instance, they may have dedicated office space, Adviser administrative support services, participate in general meetings or events for Adviser personnel, have an Adviser email address or business cards), even though they are not employees or affiliates of the Adviser. Operations Support Providers may be offered the ability to have a preferred right to co-invest alongside a Fund, including in investments in which such Operations Support Provider is involved or participates in the management thereof.

Certain of these Operations Support Providers could from time to time receive payments from, or allocations with respect to, portfolio companies, a Fund, and/or other entities, which amounts may include reimbursement of an allocable portion of an affiliated Operations Support Provider's compensation (including salary, bonus, payroll taxes, and benefits) and overhead (including rent, property taxes, and utilities allocable to workspaces), an annual fee or retainer, a discretionary bonus, a success fee in the form of cash or equity, a profits or equity interest in the Portfolio Company, or other incentive-based compensation. The determination of whether a service is an Operations Support Service will be made by the Adviser in its sole discretion. Such expenses may be incurred in respect of a portfolio company prior to the closing of the investment. To the extent services are provided for the benefit of a Fund, without reference to a particular portfolio company, such expenses incurred in connection with such services are borne by that Fund and, indirectly, the investors in such Fund. Over time, certain existing and former employees of the Adviser (including senior personnel) may transition to an Operations Support Provider role, which may shift the burden of compensating such persons from the Adviser to a Fund and/or its portfolio companies, and any fees received by such persons will not reduce the Advisory Fee. In such circumstances, the amounts of such fees, reimbursements, or other compensation received by such persons would generally be retained by such persons and such amounts would not be considered "Other Fees," would not offset the Advisory Fee payable by a Fund and would not otherwise benefit a Fund or its investors.

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. Such fees will be in addition to any Advisory Fees or Carried Interest paid by the Funds to the Adviser. Additionally, a portfolio company may reimburse the Adviser for 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. This conflict is reduced by the requirements in the Fund Advisory Fee agreements which require the Adviser to reduce the Fund Advisory Fees as discussed below. The Adviser determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions, and the amount of such fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Funds. The Adviser and its affiliates will in some circumstances reduce the amount of Advisory Fees paid 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 (from 80% to 100% of fees collected) and is set forth in the Advisory Agreement and/or organizational documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as 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 Advisory Fees will generally not be reduced in connection with the receipt of such entities' share of such fees. As some Funds do not pay Advisory Fees, any such reduction will not benefit such Funds.

Diverse Membership

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

Business with Portfolio Companies and Investors

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

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

Portfolio companies controlled by a Fund may provide services to certain Fund investors. 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.

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

In certain instances, a portfolio company may compete with, be a customer of, or be a service provider to, another Fund's portfolio company. In providing advice to a portfolio company's business, the Adviser may consider the interests of the other Fund's portfolio company or such

other Fund and is not obligated to, and need not, take into consideration the interests of the other Fund or the portfolio companies. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company of one Fund may have adverse consequences to a 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 Fund's portfolio company may seek to expand its market share at the expense of another Fund's portfolio company, withdraw business from a Fund's 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, a Fund's portfolio company, commence litigation against a Fund's portfolio company, or prevent a Fund's portfolio company from commencing litigation against another portfolio company.

In addition, certain portfolio companies controlled by a Fund can be expected to 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 Adviser 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 or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from a Fund's investment and may vary from a Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to a Fund). A Fund's portfolio companies may be counterparties or participants in agreements, transactions, or other arrangements with portfolio companies of other Funds that may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to the Adviser or its affiliates, that are not subject to Advisory Fee offset. For example, the Adviser has in the past caused portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management, and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale), and other similar operational initiatives that may result in fees, better pricing, rebates, servicing payments, commissions, or similar payments and/or discounts being paid to the Adviser, its affiliates, or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Adviser has a conflict of interest because the economic benefits 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 hired and may in the future hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an investor, portfolio company, former portfolio company, investment target, or service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest (including, for instance, preferential hiring practices).

While less common, from time to time a Fund could hold an investment in a different layer of the capital structure than an investor or another party with which the Adviser has a material relationship, in which case the Adviser could have an incentive to cause the Fund or the portfolio company to offer more favorable terms to such parties (including, for instance, financing arrangements).

Service Providers

Services required by a Fund (including some services historically provided by the Adviser or its affiliates) may, for certain reasons, including efficiency and economic considerations, be outsourced in whole or in part to third parties in the discretion of the Adviser or its affiliates. This can create a conflict of interest because the Adviser and its affiliates have an incentive to outsource such services at the expense of a Fund or a portfolio company to, among other things, leverage the use of Adviser personnel. Such services may include, without limitation, accounting (including Fund accounting), deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, valuation, legal, human resources, client services, compliance, corporate secretarial and tax support, director services, and other similar services. Outsourcing may not occur universally for Funds and accordingly, certain costs may be incurred by one Fund for a third-party service provider that is not incurred for comparable services by another Fund. 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 a Fund 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 a Fund.

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, a Fund, and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers or their affiliates are, in certain circumstances, investors in a Fund or affiliates of such investors and may include, for example, investment or commercial bankers, outside legal counsel pension consultants, and/or other investors who provide services (including mezzanine and/or other lending arrangements). The engagement of any such service provider may be concurrent with an investor’s admission to a Fund, or during the term of such investor’s investment in a Fund. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in a Fund, enhanced

information or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

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

In addition, the Adviser will have a conflict of interest in recommending the retention or continuation of a service provider to a Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in a Fund or will provide the Adviser information about markets and industries in which the Adviser operates, will provide other services that are beneficial to the Adviser and/or will provide financial sponsorship of events held by the Adviser (such as transaction closing dinners or outings, or informational summits or training events for the Adviser or portfolio company personnel). The Adviser generally has an incentive to recommend the products or services of certain investors or prospective investors in a Fund to a Fund or its portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to a Fund or the portfolio companies.

The Adviser may, in its discretion, contract directly with, or recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with a related person of the Adviser or an affiliate (including a portfolio company). When making such a recommendation, the Adviser, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Additionally, employees of the Adviser or its affiliates, and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence the Adviser in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company. Although the Adviser selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the Fund), there is a possibility that the Adviser, because of financial, business interest, or other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

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

The Adviser, its personnel, the Funds, and the portfolio companies will from time to time engage 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. As a result, the Adviser or its personnel may receive a

more favorable rate on services provided to it by such a common service provider than those payable by a Fund and/or a portfolio company, or from time to time receives a discount on services even though a Fund and/or a portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser and its personnel, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Fund and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to the Adviser, its personnel, or its affiliates, and the Advisory Fee paid by the Fund will not be reduced in connection with such favorable rate or discount.

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

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

The Adviser and the Funds will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest (e.g., cross transactions and other affiliated transactions). Members of the law firms engaged to represent a Fund may be investors in that Fund and may also represent one or more portfolio companies or investors in the Fund. In the event of a significant dispute or divergence of interest between a Fund, the Adviser, and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required.

The Adviser and its personnel may from time to time 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 a Fund expense may result in “miles” or “points” or credit in loyalty/status programs to the Adviser and/or its personnel, and such rewards, benefits, and/or amounts (whether or not *de minimus* 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 a Fund, its investors, and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to offset or otherwise shared with a Fund, the limited partners, and/or the portfolio companies. In addition, airline travel incurred as a Fund expense for Adviser personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company, or other Fund-related matter) may benefit such personnel to the extent the trip also serves a personal purpose.

Positions with Portfolio Companies

Adviser Personnel 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 Adviser Personnel’s fiduciary duties as a director conflict with those of a Fund, it is expected that generally the interests will be aligned. For instance, such positions could impair the ability of a Fund to sell the securities of an issuer in the event a director receives material non-public information by virtue of his or her role, which would have an adverse effect on the Fund. Furthermore, an Adviser Personnel serving as a director to a portfolio company owes a fiduciary duty to the portfolio company, on the one hand, and the relevant Fund, on the other hand, and such Adviser Personnel 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. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employees’ fiduciary duties among the two portfolio companies may create a conflict of interest. Such employees are required to remit a portion of remuneration they may receive as directors to the applicable Funds, as set forth in the Funds’ organizational documents. Similarly, all employees of the Adviser are required to return a portion of any consulting, management, or other fees that they received personally from portfolio companies. In addition, employees of the Adviser may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company.

Decisions made by an employee of the Adviser as a director to a portfolio company 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, a Fund will indemnify the Adviser and its partners, principals, and employees from such claims. The employees of the Adviser serving as directors for a portfolio company may make decisions for a portfolio company that negatively impact returns received by a Fund.

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

In connection with co-investment opportunities, some co-investors (which may include one or more investors in a Fund) may be provided with the opportunity to serve on the board of directors

or advisory committee of the applicable portfolio company. Positions on the board of directors or advisory committee of such portfolio companies may provide such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in a Fund. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of the Adviser to take actions with respect to the portfolio company that the Adviser considers to be in the best interests of a Fund.

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

Side Letter Agreements; Advisory Committee Rights

The Adviser typically 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 different fee structures and other preferential economic rights, information, reporting, co-investment rights, liquidity or transfer rights, and other rights. Except as otherwise agreed with an investor, the Adviser is not required to disclose the terms of side letter arrangements with other limited partners. In addition, side letter arrangements with certain investors of the Funds impose additional restrictions on investing in certain types of assets, geographies, or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such investors. While these restrictions are intended to apply solely to such investors, they may ultimately restrict the investments made by an applicable Fund.

The Funds have established an advisory committee consisting of representatives of investors. A conflict of interest may exist because some, but not all, limited partners are permitted to designate a member to the advisory committee because those designating limited partners will, for instance,

have greater information rights. The advisory committee may also have the ability to approve conflicts of interests with respect to the Adviser and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to the advisory committee. Representatives of the advisory committee may have various business and other relationships with Adviser Personnel and its affiliates. These relationships may influence the decisions made by such members of the advisory committee.

Other Potential Conflicts

The limited partnership agreement (or analogous organizational document) of a Fund establishes 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 limited partnership agreement (or analogous organizational document), if any, may be broad, unclear, general, conflicting, ambiguous, and vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While the Adviser will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

A Fund may create 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 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 the 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 a Fund). Such costs and expenses will not offset the Advisory Fee and are in addition to Advisory Fees and other compensation (e.g., Carried Interest distributions) received by the Adviser. In addition, as the Adviser earns Carried Interest distributions from a Fund, the Adviser will benefit from the assets, income, and gains of the Holding Company.

In certain 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.

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

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

The Adviser causes Funds to purchase, and/or bear premiums, fees, costs, and expenses (including any expenses or fees of insurance brokers) for insurance to insure the Funds, their General Partners, 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 is likely to 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 the 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 between the 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 the Funds bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

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

The partnership agreements (or analogous organizational documents) of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner’s share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates in kind, while disposing of such limited partners’ share of such securities and distributing the net cash proceeds of such sale of securities to the limited partners if requested to do so by such limited partner. This ability creates conflicts of interest between the General Partners and the

limited partners of the applicable Fund, because the General Partner may have an incentive to cause the Fund to exit an investment at a time that may result in limited partners receiving a lesser return on such investment than would be the case if the General Partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as limited partners). This conflict is reduced by the fact that any distribution of securities prior to the liquidation of a Fund requires the approval of the Fund's advisory committee.

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

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

Item 12. Brokerage Practices

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

Selection of Brokers and Dealers

For each of the Funds, the General Partner has, subject to the investment research services and advice of such Fund's Adviser, 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). "Best execution" means obtaining for a Fund account the lowest total cost (in purchasing a security) or highest total proceeds (in selling a security), taking into account the circumstances of the transaction and the reputability and reliability of the executing broker or dealer. Best execution is not limited solely to the consideration of the best available commission rate.

In determining whether a particular broker or dealer is likely to provide best execution in a particular transaction, the Adviser's investment professionals take into account all factors that they deem 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 with market makers, the Adviser generally seeks to select market makers it believes to be actively and effectively trading the security being purchased or sold.

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

Aggregation of Trades

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

its affiliates generally 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 generally private, illiquid, and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies. The portfolios are generally reviewed by the team of investment professionals at Quad-C's firm-wide meetings on a bi-monthly basis. Moreover, the Adviser has an advisory committee of at least five representatives of the limited partners that are selected by the general partner. The advisory committee provides a second level of review of each client portfolio company on a periodic basis.

Reporting

Investors in the Funds typically receive, among other things, a copy of audited financial statements of the relevant Fund and performance reports and portfolio company valuations within 90 days after the fiscal year end of such Fund, as well as performance reports, portfolio company valuations and unaudited financial statements within 45 days after each of the first three fiscal quarter ends. In addition, a detailed presentation of portfolio company investments and fund performance is presented to investors at an annual meeting. The presentation is distributed to investors who are unable to attend the meeting. The Adviser and the applicable General Partner, if any, may 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.

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for a Fund in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to such Fund that are subsequently accepted. Advisory Fees received by the Adviser are generally reduced by the amount of such fees.

Item 15. Custody

The Adviser will not have physical custody of any client assets; however, the Adviser may be deemed to have custody of the assets of the Funds as a result of its authority over the Funds as defined by SEC rules.

Where required, cash and securities are maintained at a financial institution meeting the definition of a qualified custodian under the Advisers Act. In addition, the Adviser will cause each Fund with assets over which the Adviser is deemed to have “custody” to be audited annually by an independent public accountant who is registered with, and subject to regular inspection by, the PCAOB and absent unforeseeable circumstances, to distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles (“GAAP”), to investors no later than 120 days after the end of each fiscal year.

In addition, an independent public accountant conducts an annual surprise examination of the Funds over which the Adviser is deemed to have custody. Further, a qualified custodian sends monthly account statements directly to the investors in the Funds managed by the Adviser. Investors should carefully review those statements, as well as compare the account statements they receive from the qualified custodian with those they receive from the Adviser.

Item 16. Investment Discretion

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

Item 17. Voting Client Securities

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Funds (“Votes”). The guiding principle by which the Adviser votes all Votes is to vote in the best interests of each Fund by maximizing the economic value of the relevant Fund’s holdings, taking into account the relevant Fund’s investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

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

Funds generally cannot direct the Adviser’s Vote.

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

The Adviser’s CIO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser’s CIO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the relevant Funds. The Adviser’s CIO 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 CIO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts or to otherwise assist the Adviser in fulfilling all or part of its voting obligations. In this regard, the Adviser can retain independent fiduciaries, consultants,

or professionals to assist with Voting decisions and/or to which Voting and/or consent powers may be delegated in accordance with its proxy voting policies and procedures.

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: Nina T. Myers, Quad-C Management, Inc., 200 Garrett Street, Suite M, Charlottesville, VA 22902.

Item 18. Financial Information

The Adviser does not require or solicit prepayment of fees from its clients six months or more in advance. The Adviser is not aware of any financial condition that is reasonably likely to impair its ability to meet its contractual commitments to the Funds.

Item 19. Requirements for State-Registered Advisers

Item 19 is not applicable to the Adviser.