

**Item 1 – Cover Page**

**Form ADV Part 2A: FIRM BROCHURE**

**KAINOS (TX) CAPITAL LP**

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**March 26, 2021**

This brochure (the “Brochure”) provides information about the qualifications and business practices of Kainos (TX) Capital LP (“Kainos,” “us,” “we,” and “our”). If you have any questions about the contents of this brochure, please contact William G. Neisel at 214-740-7350. 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.

Kainos is a registered investment adviser. Registration of an investment adviser with the SEC does not imply a certain level of skill or training.

Additional information about us is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## **Item 2 – Material Changes**

Since our last annual Brochure dated March 20, 2020, there have been no material changes. Kainos routinely makes changes to its Brochure to improve and clarify the descriptions of its business practices and compliance procedures or in response to evolving industry and Firm practices. In this year's filing, the following items have been updated:

- Item 4: updated to reflect changes to our partners, discretionary assets under management as of December 31, 2020 and other immaterial changes;
- Item 5: updated to clarify certain fees and expenses;
- Item 8: updated description of risk factors; and
- Item 11: updated description of potential conflicts of interest.

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## Item 4 – Advisory Business

**A. Describe your advisory firm, including how long you have been in business. Identify your principal owner(s).**

### **Firm Description**

Kainos (TX) Capital LP (together with its fund general partners, unless otherwise specified, “Kainos,” “we” or the “Firm”), is a middle market private equity firm based in Dallas, Texas that provides investment advisory services to its clients, which are private funds exempt from registration under the Investment Company Act of 1940, as amended (“Investment Company Act”). Kainos invests in the food, beverage and consumer sectors with a focus on manufacturers and marketers of food products, branded or private label food and consumer product companies, consumer products in the household and personal care industries and over-the-counter health and nutritional product sectors.

Kainos acts as the investment manager for multiple private funds, referred to throughout this Brochure as “Funds.” Each Fund is managed by a general partner, which has the authority to make investment decisions on behalf of its Fund. For a complete list of Kainos’s Funds and general partners, please see the portion of Kainos’s Form ADV Part 1, Schedule D, captioned “Private Fund Reporting” at Section 7.A. and 7.B.(1).

### **Principal Owners/Ownership Structure**

Founded in 2011, the Firm is owned and managed by Messrs. Rosen (Managing Partner), Sperry, Hopkin, Elliott and Jay J. Desai (collectively, our “Partners”). For more information about Kainos’s owners and executive officers, please see Kainos’s Form ADV Part 1, Schedule A and Schedule B.

**B. Describe the types of advisory services you offer. If you hold yourself out as specializing in a particular type of advisory service, such as financial planning, quantitative analysis, or market timing, explain the nature of that service in greater detail. If you provide investment advice only with respect to limited types of investments, explain the type of investment advice you offer, and disclose that your advice is limited to those types of investments.**

The Funds generally seek substantial long-term capital appreciation by making privately negotiated equity investments in lower to middle-market sized food and consumer products companies primarily headquartered in North America. We seek to invest in buyouts and recapitalizations of privately held companies and non-core subsidiaries of larger companies, as well as in companies requiring growth capital. Kainos will, in its discretion, also invest in control situations or exercise influence over a company’s management and strategic direction.

Kainos’s investment advisory services provided to its Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring

investments and ultimately selling such investments. The Funds generally invest through privately negotiated transactions in operating companies, generally referred to as “portfolio companies.” Each portfolio company has its own independent management team responsible for managing its day-to-day operations, although the senior principals or other personnel of Kainos, as well as affiliates or third parties appointed by us, will generally serve on such portfolio companies’ respective boards of directors or managers or otherwise act to influence control over the management of the portfolio companies held by the Funds. In addition, in some cases, we will more directly influence the day-to-day management of the company by recruiting certain individuals in various leadership roles, such as chief executive officer, chief operating officer, chief financial officer or in other roles. Investments are made predominantly in nonpublic companies, although investments in public companies are permitted under certain circumstances.

Kainos provides discretionary investment advice solely to its Funds, subject to the discretion and control of the general partners, and not individually to the underlying investors. Services are provided to the Funds in accordance with their relevant private placement or offering memorandum, investment advisory agreements, limited partnership agreement, subscription documents, side letter agreements or other organizational agreements and governing documents (together, the “Governing Documents”).

**C. Explain whether (and, if so, how) you tailor your advisory services to the individual needs of clients. Explain whether clients may impose restrictions on investing in certain securities or types of securities.**

Kainos does not tailor its advisory services to the individual needs of investors in its Funds; Kainos’s investment advice and authority is tailored to the investment objective of each Fund. Investment restrictions for the Funds, if any, are generally established in the Governing Documents of the applicable Fund. We do not seek or require investor approval regarding each investment decision.

Fund investors generally cannot impose restrictions on investing in certain securities or types of securities, other than through side letter agreements. Investors in the Funds participate in the overall investment program for the applicable Fund and generally cannot be excused from a particular investment except pursuant to the terms of the applicable Fund Governing Documents. Kainos has entered into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing, a Fund’s Governing Documents. Examples of side letter rights include, for example, co-investment preferences, amendment restrictions, advisory board membership, investment structuring considerations, notifications, certifications and reporting, among others. These rights, benefits or privileges are not made available to all investors nor are they required to be disclosed to all investors. Side letters are negotiated at the time of the relevant investor’s commitment, and once invested in a Fund, investors generally cannot impose additional investment guidelines or restrictions on such Fund.

**D. If you participate in wrap fee programs by providing portfolio management services, (1) describe the differences, if any, between how you manage wrap fee accounts and how you manage other accounts, and (2) explain that you receive a portion of the wrap fee for your services.**

We do not participate in wrap fee programs.

**E. If you manage client assets, disclose the amount of client assets you manage on a discretionary basis and the amount of client assets you manage on a non-discretionary basis. Disclose the date “as of” which you calculated the amounts.**

As of December 31, 2020, we had regulatory assets under management of \$2,596,187,642, all of which is managed on a discretionary basis. This amount has been reduced for duplication, as the calculation of regulatory assets under management duplicates certain assets managed by Kainos to the extent that such assets are invested in other Kainos-managed private funds. Without adjusting for such duplication, Kainos managed assets, including remaining commitments, are \$3,709,434,197. We do not manage Fund assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

**A. Describe how you are compensated for your advisory services. Provide your fee schedule. Disclose whether the fees are negotiable.**

Kainos charges certain Funds a management fee (“Management Fee”) and a performance-based fee, as described in Item 6 below. Kainos entities or affiliates also receive additional compensation in connection with management and other services performed for portfolio companies of the Funds, as described more fully below. A portion of such additional compensation generally reduces the Management Fees otherwise payable to Kainos. Investors in the Funds also bear certain expenses, as described below. Finally, the portfolio companies reimburse Kainos or a Fund for certain expenses advanced on their behalf.

The Fund Management Fees are charged at a maximum annual rate of 1.9% of the capital commitments of any investor and is generally payable quarterly in advance (or at a later date at the Firm’s discretion) and pro-rated for any period that is less than a full calendar quarter. Generally, as described in the relevant Governing Documents, Management Fees are initially calculated based on each investor’s committed capital. Thereafter, Management Fees generally are calculated based on the cost of the remaining investments held by each Fund, subject to various other factors. Some Funds do not pay Management Fees. Generally, investors participating in a subsequent closing after the initial closing of a Fund are responsible for paying the Management Fee as of the date of the initial closing of such Fund, plus interest, as applicable.

As further described below, Management Fees will, in certain circumstances, be reduced (but not below the greater of zero or the amount of placement agent fees, if any, due by a Fund) by a portion

of the additional fees collected by us from the portfolio companies owned by a Fund. The Management Fees, other fees and carried interest distributions are generally subject to waiver or reduction by us in our sole discretion, both voluntarily and on a negotiated basis with selected investors in each Fund, and as described more fully in each Fund's Governing Documents. All Management Fees were negotiated with the Fund's investors during the fundraising period of the applicable Fund and generally are not subject to negotiation thereafter. At times, fees differ from one Fund to another, as well as among investors in the same Fund. In particular, the Management Fee for certain investors in the Funds who are current or former employees of Kainos or its affiliates, or family members of such current or former employees, are subject to waiver at our discretion (although such investors generally pay their pro rata share of certain Fund expenses).

The Management Fees paid by a Fund are generally reduced by (i) 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, (ii) fees incurred by Kainos in connection with the organization of such Fund that exceed a limit specified in such Fund's Governing Documents and (iii) a designated amount of the professional services fees, break-up fees, monitoring fees, directors' fees and other similar fees received in connection with the activities of the Funds. A portion of such supplemental fees received are offset against the Management Fee net of any expenses incurred in connection with such portfolio company and any Management Fee waivers; however, any such fees received by operating advisors are not subject to an offset against Management Fees. Fees or expenses borne by a Fund directly do not offset Management Fees, nor do any portfolio company directors' or board fees paid by a former portfolio company to a Kainos employee who remains on the company's board of directors following the Fund's disposition of its investment in the company, if applicable. Any such reduction of a Fund's Management Fee is typically limited to the extent of such Fund's proportionate interest in any portfolio company and only to the extent a Management Fee is payable by a Fund currently or in the future. As some Funds do not pay Management Fees, any such reduction will not benefit such Fund. Thus, in the event a Fund does not pay a Management Fee or does not have an offset provision requiring the reduction of Management Fees, Kainos will retain the portion of supplemental fees allocable to these Funds without reduction.

Investors should refer to the Governing Documents of the applicable Fund for a complete understanding of how we are compensated for our advisory services. The information contained herein is a summary only and is qualified in its entirety by such documents.

**B. Describe whether you deduct fees from clients' assets or bill clients for fees incurred. If clients may select either method, disclose this fact. Explain how often you bill clients or deduct your fees.**

We deduct Management Fees from the account of a Fund requiring the payment of Management Fees quarterly in advance, or at a later time at Kainos's discretion.

**C. Describe any other types of fees or expenses clients may pay in connection with your advisory services, such as custodian fees or mutual fund expenses. Disclose that clients will incur brokerage and other transaction costs, and direct clients to the section(s) of your brochure that discuss brokerage.**

As mentioned above, we sometimes receive professional service fees (including, without limitation, set-up, acquisition, commitment, recapitalization, financing, and exit fees), break-up fees, monitoring fees (including, without limitation, operational assistance, consulting and advisory fees) and directors' fees (or other forms of director compensation) and other similar fees (such as options in a portfolio company) in connection with the activities of the Funds ("Other Fees"). We offset Management Fees by a certain amount of the receipt of such Other Fees as negotiated with investors in each Fund and as memorialized in each Fund's Governing Documents.

In addition, we or a Fund are on occasion reimbursed by a Fund's portfolio companies for expenses we incur in connection with our performance of the services that give rise to Other Fees or as members of the board of directors or similar governing body; such reimbursed expenses are generally not included in the definition of "Other Fees" under the terms of the applicable Governing Documents, and such reimbursements are not subject to the sharing arrangements described herein. Such expenses generally include, without limitation: (i) travel expenses, which often will include expenses for chartered or first-class travel and meals and entertainment expenses (such expenses including, as applicable, those relating to (a) the usage of premium black car and other car services, which from time to time include waiting time, (b) premium meals (including outside normal business hours) and (c) social and entertainment events, including closing dinners and mementos, with portfolio company management, customers, clients, borrowers, brokers and service providers); (ii) expenses relating to training programs, meetings, conferences or other events (to the extent such programs, meetings or events are for the benefit of the portfolio company); (iii) expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses); (iv) indemnification expenses; (v) insurance; (vi) consulting; (vii) certain legal expenses; (viii) similar out-of-pocket expenses; (ix) consulting fees; and (x) other cash and non-cash compensation and expenses. In addition, to the extent a Fund or Kainos initially bears the cost of certain fees or expenses but the benefit of the related services or expense is also received by another Fund, portfolio company or future fund or portfolio company, Kainos will generally, subject to its ultimate discretion, cause such other Fund or portfolio company to reimburse the initial Fund or Kainos for such fees or expenses. Reimbursement by a portfolio company of out-of-pocket expenses incurred by Kainos, a general partner or their respective affiliates will not be offset against the Management Fee payable by the Funds. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below. Both (i) the monitoring, directors', consulting and other similar fees that we receive with respect to a portfolio company and (ii) the professional service and other similar fees that we receive with respect to a portfolio company are generally determined with reference to an advisory agreement with the portfolio company and are typically agreed to at the closing of a Fund's investment in the portfolio company. We do not accelerate monitoring fees.

On occasion, in certain circumstances (such as a portfolio company's liquidity needs or otherwise) we determine in our discretion to waive, defer or renegotiate, in whole or in part, the amount of supplemental fees received from a portfolio company. We endeavor to require the payment of such fees only to the extent permitted by the earnings of the applicable portfolio company and will defer or forego the payment of such fees if the portfolio company's earnings or cash position render the payment of such fees too burdensome for the portfolio company. We make such determinations on a case-by-case basis and reserve the right to take different actions (or no action) with respect to similarly-situated portfolio companies.

As mentioned above, in general and as more fully described in each Fund's Governing Documents, the Management Fee that a Fund pays us will, in certain circumstances, be reduced (but not below the greater of zero or the amount of placement agent fees due by a Fund) by a portion of the Other Fees, if any, to be received by us in connection with the activities of a Fund. As some Funds do not pay Management Fees, any such reduction will not benefit such Funds.

Each Fund is governed by its own Governing Documents, which detail a complete description of expenses for such Fund. While differences exist among Funds, the following is a description of expenses generally charged to each Fund. Each Fund typically pays all costs and expenses relating to its operations (and that of its subsidiaries and intermediate entities), including, but not limited to the following: organizational and offering costs of the Fund; legal, auditing, valuation, consulting and accounting fees and expenses (including costs of reports to the partners, financial statements, tax returns and K-1s); costs of third-party administrators and custodians (including any expenses and costs associated with any software or online data portal used in connection with the maintenance of the Fund's books and reporting by such third-party administrators and custodians); expenses of meetings of the advisory board and with investors, including travel and costs associated with the preparation of materials; all expenses, costs and liabilities incurred in connection with originating, diligencing, sourcing, identifying, evaluating, structuring, negotiating, making, holding, monitoring any sale or proposed sale, other disposition or valuation of current Fund investments or investments considered for the Fund (including all broken deal expenses and any other costs incurred as a result of the investigation of a proposed transaction or investment by the Fund or a co-investment that is not consummated), including, but not limited to, any due diligence costs in connection therewith, reverse break-up fees, commercial lending fees, underwriting commissions and discounts, research expenses, travel expenses, legal fees, accounting fees, audit fees, investment banking fees, consulting fees, professional fees, appraisal fees, taxes, brokerage fees, insurance premiums and underwriting commissions incurred in connection with representation and warranty insurance, out-of-pocket expenses incurred in connection with any of the foregoing, out-of-pocket expenses incurred by consultants, advisors, or operating advisors, and other expenses (including reasonable expenses for business development, travel and entertainment directly related to the development and management of current and prospective portfolio companies, to the extent not reimbursed by a third party); expenses related to attending industry meetings, conferences or similar events in connection with the evaluation of investment opportunities or business sector opportunities (including the evaluation of potential investments, regardless of whether such investment is ultimately consummated); all

extraordinary expenses such as litigation (including damages) or other extraordinary events and the amount of any judgments or settlements paid in connection therewith, as well as indemnity expenses, advances, and retentions or deductibles under insurance policies; interest on and fees and expenses arising out of all permitted borrowings made by the Fund; expenses and costs incurred in connection with the purchase of insurance policies on behalf of the general partner and the Fund, including for director and officer liability and other liabilities of the general partner and the Fund, which at the discretion of the general partner will be a single or umbrella policy; all expenses of liquidating the Fund; any taxes, fees or other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund and all expenses and costs incurred in connection with any governmental or regulatory filings required to be made in respect of the Funds, which occasionally include third-party expenses associated with gathering information for and preparing Form PF. Costs and expenses noted above generally also include travel, private premium hired cars, premium lodging (including temporary housing), ground transportation and meals.

Out-of-pocket expenses associated with completed transactions are either billed directly to a Fund, reimbursed by portfolio companies or capitalized as part of the acquisition price of a consummated transaction. Out-of-pocket expenses associated with unconsummated transactions (“broken deal expenses”) are paid by the relevant Fund(s) selected as proposed investors in such transaction.

From time to time, Kainos, a Fund or a portfolio company will (in their sole discretion), agree to pay a transaction fee, portion of the Management Fee, Carried Interest, equity grant or other fee to a third party (“Third-Party Fee”), such as a consultant, adviser, operating advisor, finder, broker and/or investment banker. Similarly, on occasion certain members of a portfolio company management team receive additional compensation, including bonus payments based on the applicable portfolio company meeting certain success hurdles. Such compensation indirectly reduces the revenue available for distribution to the relevant Fund at the time of such portfolio company’s sale. None of these fees or compensation offset Management Fees payable by a Fund.

Kainos and its affiliates engage and retain advisers, consultants, operating advisors, and other similar professionals who are not employees or affiliates of Kainos and who will, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. The nature of the relationship with each of these third-party professionals and the amount of time devoted or required to be devoted by them varies considerably. In certain cases, these professionals provide the Funds and/or Kainos with industry-specific insights and feedback on investment themes, assist in transaction due diligence, make introductions to and provide reference checks on management teams, and help the portfolio companies improve manufacturing, procurement, financing and information technology functions. In certain instances, Kainos will have formal arrangements with these professionals (which can, but will not necessarily be, terminable upon notice by any party). Some third-party professionals take on more extensive roles and serve as executives or directors on the boards of portfolio companies or contribute to the origination of new investment opportunities. In other cases, the relationship will be more informal. There can be no assurance that any of the

professionals will continue to serve in such role and/or continue their arrangement with Kainos and/or any portfolio company throughout the terms of the Funds. These professionals will, from time to time, receive payments, success fees, co-investment rights, equity allocations and/or other compensation or allocations with respect to portfolio companies and/or other entities, including a profits interest and options in a portfolio company. These professionals are also permitted to receive direct compensation, which can include an annual fee or retainer, a finder's fee, a discretionary bonus or a success fee (in the form of cash or equity) based on pre-determined targets or milestones. These professionals also typically incur expenses while working with Kainos portfolio companies, and such expenses are paid either by Kainos (generally in the case of work performed for the management company), the relevant portfolio company (generally in the case of a consummated transaction) or the relevant Fund (generally in the case of an unconsummated transaction). Certain fees payable to third-party professionals are associated with a particular transaction and will typically be included in the closing costs payable by the applicable portfolio company. In such circumstances, such amounts will not be deemed paid to or received by Kainos and its affiliates and such amounts will not be subject to the Management Fee sharing arrangements described above. In the event a third-party professional provides work for a portfolio company in addition to board service, any such fees are paid by the portfolio company and not offset against Management Fees. Third-party professionals are also reimbursed for the cost of their travel to and from portfolio company board meetings and other portfolio company business and such expenses are generally borne by the relevant portfolio company which the third-party professional is advising, but can also be paid by the relevant Fund in the event a proposed transaction is not consummated. Such reimbursable expenses are not offset against Management Fees. The determination of the appropriate form and amount of compensation for such services takes into account a variety of factors but will ultimately be at our discretion. Some third-party professionals are investors in the Funds.

Although Kainos does not generally utilize the services of broker-dealers to effect portfolio transactions for a Fund, 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.

**D. If your clients either may or must pay your fees in advance, disclose this fact. Explain how a client may obtain a refund of a pre-paid fee if the advisory contract is terminated before the end of the billing period. Explain how you will determine the amount of the refund.**

Management Fees are payable quarterly in advance, or at a later time at Kainos's discretion. The Funds generally invest on a long-term basis. Accordingly, Management Fees are expected to be paid, except as otherwise described in the relevant Governing Documents, over the term of a Fund and investors generally are not permitted to withdraw or redeem interests in a Fund.

**E. If you or any of your supervised persons accepts compensation for the sale of securities or other investment products, including asset-based sales charges or service fees from the sale of mutual funds, disclose this fact and respond to Items 5.E.1, 5.E.2, 5.E.3 and 5.E.4.**

Neither we nor any of our supervised persons accepts compensation for the sale of securities or other investment products other than as described in this Item 5 and in Item 6 and throughout this Brochure.

#### **Item 6 – Performance-Based Fees and Side-By-Side Management**

**If you or any of your supervised persons accepts performance-based fees – that is, fees based on a share of capital gains on or capital appreciation of the assets of a client (such as a client that is a hedge fund or other pooled investment vehicle) – disclose this fact. If you or any of your supervised persons manage both accounts that are charged a performance-based fee and accounts that are charged another type of fee, such as an hourly or flat fee or an asset-based fee, disclose this fact. Explain the conflicts of interest that you or your supervised persons face by managing these accounts at the same time, including that you or your supervised persons have an incentive to favor accounts for which you or your supervised persons receive a performance-based fee, and describe generally how you address these conflicts.**

Kainos or its affiliates earn a performance fee (“Carried Interest”) based on the profits of certain Funds that is deducted from the investment proceeds of the investors. Calculated based on cumulative realized gains and income only, Carried Interest is allocated to a general partner as portfolio holdings are liquidated or otherwise monetized and is subject to a potential after-tax giveback if the respective general partner has received excess cumulative distributions. Generally, Kainos or its affiliates receive Carried Interest of 20% of the profits of such a Fund, subject to a hurdle rate. Each Fund’s Governing Documents include further details concerning its Carried Interest, if any. These performance fee arrangements have been structured subject to Section 205(a)(1) of the Investment Advisers Act of 1940, as amended (“Advisers Act”) in accordance with the available exemptions thereunder, including the exemption set forth in Rule 205-3. Some Funds are not subject to performance fees.

While not generally negotiable, the general partners of each Fund are permitted, in their sole discretion, to waive or reduce the amount of Carried Interest for an investor in a Fund, particularly with regard to Kainos employees, family members of such employees, and affiliates of the Firm.

The fact that a general partner’s Carried Interest distributions are based on the performance of a Fund can potentially create an incentive for a general partner to make investments that are more speculative than would be the case in the absence of such distributions. However, this incentive is somewhat tempered by the fact that losses will reduce such Fund’s performance and, thus, a general partner’s Carried Interest distributions. Further, and except as otherwise set forth in the Governing Documents of each Fund, we believe that this conflict is sufficiently mitigated by: (i) certain limitations on the ability of Kainos to establish new investment funds; (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously; (iii) contractual

provisions and policies and procedures setting forth investment allocation requirements; (iv) the fact that Carried Interest is generally calculated only after investors have received as distributions 100% of their capital contributions (and an allocable portion of capital called for expenses) applicable to realized investments, after accounting for a hurdle; (v) the fact that each general partner has made a substantial commitment to the Fund to invest its own capital alongside the investors; and (vi) the fact that Kainos's ability to attract future investors is tied to the performance of its investments.

Kainos manages multiple Funds with similar investment strategies on a side-by-side basis. Management of multiple vehicles on a side-by-side basis has the potential to create conflicts of interest with regard to Kainos's allocation of investment opportunities, expenses, time and attention of advisory personnel and consideration for certain transactions. Although Kainos generally makes new investments for one Fund only after a predecessor Fund is substantially invested or committed, as more fully described in the applicable Fund's Governing Documents, management of side-by-side Funds can create an incentive for the Firm or its personnel to favor a Fund or other investment vehicle in which Kainos or an affiliate has a greater financial interest. To help minimize such conflicts of interest, Kainos allocates investment opportunities which satisfy the investment parameters of more than one Fund in accordance with Kainos's policies and procedures regarding investment allocation, applicable Governing Documents and taking into consideration certain factors, as determined in the Firm's sole discretion, which can include, but are not limited to: the amount of available capital commitments of the applicable Fund(s); anticipated future capital requirements of an investment opportunity; life-cycle of the applicable Fund(s); expected time to obtain liquidity; legal, tax and regulatory considerations; and any other factors deemed relevant by Kainos. In addition to the relevant Governing Documents, Kainos has in place policies and procedures to address these conflicts which are designed to ensure that investment opportunities are allocated fairly and equitably among the Funds, in accordance with Kainos's fiduciary duties to its Funds and without consideration of Kainos's (or its affiliates' or employees') pecuniary interest. Kainos will not allocate investment opportunities based, in whole or in part, on the relative fee structure or amount of fees paid by any Fund.

## **Item 7 – Types of Clients**

**Describe the types of clients to whom you generally provide investment advice, such as individuals, trusts, investment companies, or pension plans. If you have any requirements for opening or maintaining an account, such as a minimum account size, disclose the requirements.**

We provide discretionary investment advice solely to private equity funds and co-investment vehicles. 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 vehicle. The Funds are not registered or required to be registered under the Investment Company Act; are not made available to the general public; their securities are not registered or required to be registered under the Securities Act of 1933, as amended; and Fund interests are privately placed to qualified investors.

Qualified investors include individuals or entities to which Fund interests are allowed to be sold, which generally includes (i) in the United States, people or organizations who meet certain net worth, income and/or financial sophistication requirements or (ii) in other countries as permitted by the relevant securities laws in such jurisdiction and in compliance with any foreign offering provisions applicable to Kainos and/or the Funds.

Kainos does not have a minimum size for a Fund, but minimum investment commitments will, on occasion, be established for investors in the Fund. The general partners of the Funds, subject to their sole discretion, sometimes permit investments below the minimum amounts set forth in the Governing Documents of such Fund.

Kainos investors are sophisticated, private investors, consisting of high net worth individuals and family office vehicles, corporations, insurance companies, fund of funds vehicles, foundations and trusts, and public and private pension plans. The requirements for investing in a Fund vary among the Funds and are set forth in the Governing Documents of each Fund. All Funds impose requirements that third-party investors meet certain suitability requirements, as well as qualify as “accredited investors” and “qualified clients” under the Advisers Act or are participants in an employee stock purchase plan, and some Funds require that investors also qualify as “qualified purchasers” or “knowledgeable employees” under the Investment Company Act. Certain Funds have investors who are not qualified clients, but such investors do not pay Carried Interest to Kainos.

Opportunities to participate in a co-investment vehicle arise when Kainos has the opportunity for an investment in an existing or prospective portfolio company and Kainos determines that (i) an investment requires additional capital, (ii) all or a portion of the applicable opportunity is not required to be offered to a Fund or (iii) the full investment opportunity is not appropriate for a Fund, whether due to concentration restrictions contained in the Fund’s Governing Documents or otherwise. Such determinations are based on the provisions of the applicable Governing Documents, side letter agreements and such other factors as Kainos will consider in its sole discretion, including those specified in its policies on investment allocation and co-investments. Subject to any restrictions contained in the Governing Documents of the relevant Fund or any side letter or other terms negotiated with respect to such Fund, in general no investor has a right to participate in any co-investment opportunity. Kainos’s exercise of discretion in allocating co-investment opportunities often will not result in proportional allocations among such co-investors and such allocations can be more or less advantageous to some co-investors relative to other co-investors. When co-investment opportunities are permitted, it is possible that the size of the investment opportunity otherwise available to Kainos’s Fund(s) will be less than it would otherwise have been without the inclusion of such co-investors.

Opportunities to invest in a portfolio company are made available to select persons or entities, who will not necessarily be Fund investors, including, without limitation, co-sponsors, strategic investors, lenders, investment bankers, deal sources (including finders and consultants), other sponsors (including other private equity or venture capital firms), Fund investors, service providers, third-party

professionals, portfolio company employees, sector experts, strategic advisors, other persons or entities affiliated, associated or otherwise known to Kainos or its personnel. Certain service providers, including lenders and individuals who source transactions, have in the past and are expected in the future to negotiate co-investment rights or co-investment priority rights as a component of their compensation in connection with the services provided.

Kainos can cause some co-investors to bear a Management Fee and/or Carried Interest while not imposing a Management Fee and/or Carried Interest (or imposing a different Management Fee or Carried Interest) on other co-investors. Some co-investors are provided the opportunity to sit, or have a representative sit, on the board of directors or board of advisers of a Kainos portfolio company. Positions on boards of directors or advisers of such portfolio companies provide such persons with voting rights, access to information and potentially the ability to influence the operations and decision-making of the portfolio company that are not necessarily available to other investors.

Co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as a Fund making the investment, with the exception of certain management and related co-investors who can sometimes retain interests in a disposed portfolio company. However, from time to time, for strategic and other reasons, a co-investor or co-investment vehicle purchases a portion of an investment from one or more Funds after such Fund(s) have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-investment vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment.

In the event Kainos is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, it is possible that a Fund will consequently hold a greater concentration and have greater exposure in the related investment opportunity than was originally intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto and would result in a greater concentration of risk as a result. Thus, an investment that is not syndicated to co-investors as originally anticipated could result in a significant impact to a Fund's overall investment returns.

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

**A. Describe the methods of analysis and investment strategies you use in formulating investment advice or managing assets. Explain that investing in securities involves risk of loss that clients should be prepared to bear.**

We generally seek investment opportunities in buyouts and recapitalizations of privately held companies and non-core subsidiaries of larger companies, as well as in other companies requiring growth capital, primarily headquartered in North America in the food and consumer products sector.

We focus on investing in manufacturers and marketers of food products, as well as other consumer product businesses in the household and personal care products, and over-the-counter health and nutritional products sectors. The majority of our investments comprise control positions in family-owned businesses or businesses controlled by smaller investment firms where the business has grown to such a point that it outstrips the resources and capabilities of those families or firms. In addition, dialogues with the larger food and consumer companies who are evaluating their portfolios for possible divestitures generally provide potential investment opportunities.

We generally seek profitable, growing, middle-market companies with EBITDA between \$10 and \$80 million, where we can invest, on average, between \$50 to \$150 million of equity per transaction, and offer co-investment opportunities to the investors as well as other third-party investors.

### **Change Capital and Risk Management**

As part of the underwriting process for investments, we seek to identify initiatives that can be implemented to increase the sales and profitability of each company as well as make the business more strategically relevant, such that upon exit of the investment it will be more attractive to trade buyers, financial buyers willing to pay a strategic price or the public equity markets. These initiatives can include strengthening the existing management team, expanding the manufacturing and sales capabilities to fully capitalize on market opportunities, increasing the efficiency and profitability by eliminating wasteful spending as well as implementing cost reduction techniques such as lean manufacturing, developing new products and sales channels to grow revenues, and looking at complementary acquisitions that leverage the core infrastructure of the business or expand its product capabilities.

Key elements of our risk management process include: (i) control investing; (ii) purchase price discipline; (iii) prudent use of leverage; and (iv) exit management. The majority of our investments are in control positions as opposed to minority stakes. Purchase price discipline begins with the due diligence and underwriting of each investment opportunity and a disciplined approach to purchase price multiples. We do not seek to maximize the total leverage in each investment, but instead endeavor to appropriately apply leverage that is not expected to unduly burden the resources of the business nor hinder the ability to implement identified initiatives. We endeavor to work closely with company management to identify and execute value-added initiatives and projects that can be implemented within the relevant investment time horizon, with an exit strategy that coincides with the completion of the strategies employed with each particular investment.

### **Company Characteristics**

We generally invest as a control investor in the food and consumer products sectors, where we have experience and expertise. We seek to invest in companies with growth prospects supported by enduring trends, such as convenience, product freshness, consumer value and balanced nutrition, and avoid fads that lack a track record of sustainability. We look for companies that have high quality and great tasting products, as these are product attributes that consumers are typically unwilling to

compromise on, despite what health or cost benefits they perceive. Additional attributes of companies that we seek include:

- On-trend with evolving consumer preferences;
- Attractive category dynamics;
- Leading position in the categories they serve;
- Products offer attractive relative value to the retailer, foodservice operator and consumer
- Potential for new product innovation;
- Sufficient scale to distribute products on a super-regional or national scale; and
- Ability to act as a platform for future acquisition opportunities.
- Undermanaged or underappreciated element that can be exploited with the ability to be strategically relevant upon exit to a trade buyer, a financial buyer willing to pay a strategic price or the public markets.

### **Ongoing Evaluation of Strategy and Exit Opportunities**

Decisions regarding exit timing and methods are based principally on expectations regarding a portfolio company's future operations, industry trends, and capital market conditions. An exit can be appropriate if: (i) the operating strategy has been largely completed; (ii) the objectives outlined in the operating strategy are no longer relevant; (iii) the markets are willing to pay a premium multiple for the company; or (iv) the risk or resources of a continued hold exceed the upside incremental value.

**B. For each significant investment strategy or method of analysis you use, explain the material risks involved. If the method of analysis or strategy involves significant or unusual risks, discuss these risks in detail. If your primary strategy involves frequent trading of securities, explain how frequent trading can affect investment performance, particularly through increased brokerage and other transaction costs and taxes.**

### **Risk Factors**

Private equity investing involves significant risks that the Funds and their investors should be prepared to bear. Investors should be prepared to bear a complete loss of their investment. Also, investing in the Funds involve significant risks relating both to the types of investments contemplated and our ability to achieve the investment objectives. The past performance of any investment vehicle managed by the Firm is not an indication of any Fund's potential future performance. The discussion below of risks associated with private equity investments does not purport to be an exhaustive list of all risks associated with an investment in the Funds. Applicable risk factors, including potential conflicts of interest, are more fully described in each Fund's Governing Documents. Different or new risks not addressed below are likely to arise in the future and, therefore, the following list is not intended to be exhaustive. While the following discusses risks as they relate to the Funds, co-investment vehicles will also be subject to some or all of the following risks, depending on the risks associated with the applicable transaction or investment strategy.

- *Risk of Loss of Capital.* Investing in securities involves the risk of loss of capital. While we believe that our investment processes, strategy and research techniques mitigate the investment risk through a careful selection of investment opportunities, no guarantee or representation is made that we will achieve each Fund's investment objectives or that we will be successful.
- *Leverage.* Certain of the Fund's investments include portfolio companies whose capital structures have significant leverage. Due to such leverage, such portfolio companies are likely to be more sensitive to adverse business or financial developments or economic factors. Moreover, rising interest rates sometimes have a more pronounced effect on the profitability or survival of such companies. If for any of these reasons a portfolio company is unable to generate sufficient cash flow to meet principal or interest payments on its indebtedness, meet financial or other covenants required by such indebtedness, or make regular dividend payments, the value of a Fund's investment in such portfolio company could be significantly reduced or even eliminated. Moreover, the Funds will, in certain circumstances, invest in securities that are not protected by financial covenants or limitations on additional indebtedness.
- *Investments in Food and Consumer Sectors.* All or a significant portion of each Fund's portfolio companies are in the food and consumer sectors. Such concentration involves risks greater than those generally associated with diversified acquisition funds, including significant fluctuations in returns. The food and consumer sectors are challenged by factors including, but not limited to, rapidly changing market conditions and/or participants, changing customer preferences, food safety and food borne pathogens, and new competing products and/or improvements in existing products. Each Fund's portfolio companies compete in this volatile environment. There is no assurance that products sold by portfolio companies will not be rendered obsolete or adversely affected by competing products or other challenges. Instability, fluctuation or an overall decline within the food and consumer sectors will likely not be balanced by investments in other industries not so affected. In the event that the overall food and/or consumer sectors decline, returns to investors can decrease. In addition, domestic and international regulation, including federal, state, provincial and local governmental policies implemented in response to pandemics, epidemics or other health crises, can dramatically affect the business environment faced by new, emerging, and established businesses. Such regulatory actions have the potential to have a material adverse effect on a market or a company in which the Funds have invested and could cause the Funds to incur substantial or total losses of their investments.
- *Tightening Labor Market.* The operations of many food and related consumer products companies are labor-intensive and can require a substantial number of personnel. A failure by any of the portfolio companies to retain stable and dedicated labor can lead to disruption to or delay in the services provided to end customers. There has been an overall tightening in the labor market, and the labor market has become increasingly competitive. In addition, the

cost of labor has increased due to increases in salary, social benefits provided by operating companies, and employee headcounts at operating companies. Moreover, certain portfolio companies are more likely to rely meaningfully on immigrant labor. Adverse changes to existing laws and regulations applicable to employment of immigrants, enforcement requirements or practices under such laws and regulations, or the prospects or rumors of any of the foregoing, even if no violations exist, could negatively impact the availability and cost of personnel and labor to certain of the Fund's portfolio companies. As a result, such portfolio companies could experience turnover of employees on short or no notice, which could result in manufacturing and other delays. Such portfolio companies can also experience difficulty attracting or hiring new employees in a timely manner, which delays could materially adversely affect the applicable portfolio companies' respective competitiveness and profitability. Portfolio companies compete for labor with other companies, both in the food and related consumer products industries and in other labor-intensive industries, and such competition can affect the overall stability and performance of such portfolio companies. In addition, the available labor pool is likely to be negatively impacted by pandemics, epidemics, or other health crises, as well as the federal, state, provincial and local governmental policies implemented in response. If the portfolio companies are not able to continue to attract and retain sufficient employees, their capabilities, operations and financial results could be adversely affected and the Fund's returns could be materially and adversely affected.

- *Increased Distribution and Logistics Costs.* Distribution and logistics costs, including energy and fuel costs, have historically fluctuated significantly over time, particularly in connection with oil prices, and increases in such costs could result in reduced profits for portfolio companies. In addition, certain factors affecting distribution costs are controlled by third-party carriers. To the extent that the market price for fuel or freight or the number or availability of carriers fluctuates, distribution costs could be affected. Furthermore, temporary or long-term disruptions of transportation services due to weather-related problems, strikes, pandemics, epidemics, other health crises, or other events could impair the ability of a portfolio company to supply products affordably and in a timely manner or at all. Failure to deliver food products promptly could also result in inventory spoilage. These factors could impact a portfolio company's commercial reputation and result in customers reducing their orders or ceasing to order products from such portfolio company. Additionally, increased regulations related to environmental costs could also adversely affect the cost of doing business experienced by certain portfolio companies, including utility, transportation and logistics costs, as could other shortages or disruptions that impact transportation. Any increase in the cost of transportation, and any disruption in transportation, could have a material adverse effect on a portfolio company's business, financial condition and results of operations, which could materially and adversely affect the Fund's returns.
- *Food Safety and Environmental Hazards.* Concerns about food safety and foodborne illnesses are an inherent risk of investing in the food sector, which has the potential to have an adverse effect on a Fund's portfolio companies in such sector. The Funds cannot guarantee that a

portfolio company's supply chain and food safety controls and training will be fully effective in preventing all food safety issues, including any occurrences of foodborne illnesses such as salmonella, E. coli, listeria and hepatitis A. Furthermore, a portfolio company will often rely on third-party vendors or transporters, making it difficult to monitor food safety compliance. New illnesses resistant to a portfolio company's precautions could develop in the future, or diseases with long incubation periods could arise that could give rise to claims or allegations on a retroactive basis. One or more instances of foodborne illness in any of a portfolio company's stores or markets or related to food products the portfolio company sells could negatively affect sales nationwide if highly publicized on national media outlets or through social media. This risk exists even if it were later determined that the illness was wrongly attributed to the portfolio company. A number of restaurant chains have experienced incidents related to foodborne illnesses that have had a material adverse effect on their operations. The occurrence of a similar incident at one or more of a portfolio company's stores or in connection with its products, or negative publicity or public speculation about an incident, could materially adversely affect such portfolio company's business, financial condition or results of operations. In addition, under environmental laws enacted by U.S. federal and state governments, owners and lessees of property can be liable for the clean-up and removal of hazardous substances even when the present owner was not responsible for placing the hazardous substances on the property or when the property was contaminated prior to the time the owner took title. If any property acquired or leased by a portfolio company was found to have an environmental problem, the portfolio company could incur substantial costs and a Fund could suffer a complete loss of its investment in such portfolio company.

- *Regulatory Risk.* The Funds invest in companies with operations that are subject to extensive regulation by the U.S. Food and Drug Administration (the "FDA"), the U.S. Department of Agriculture (the "USDA"), the Federal Trade Commission, the U.S. Department of Transportation, the Occupational Safety and Health Administration ("OSHA") and other federal, state, local and foreign authorities. Failure by the companies to comply with applicable laws and regulations or maintain permits and licenses relating to their operations could subject the companies to civil remedies, including fines, injunctions, recalls or seizures, as well as potential criminal sanctions, which could result in increased operating costs resulting in a material adverse effect on their operating results and business. In addition, changes in laws or regulations that impose additional regulatory requirements on the companies could increase the companies' cost of doing business or restrict their actions, causing the results of operations to be adversely affected.
- *Investing in Growth or Less Established Businesses.* The Funds invest in growth companies often characterized by short operating histories, evolving markets, intense competition, increased customer or supplier concentration, and management teams that have limited experience working together. Such a company will need to implement appropriate sales and marketing, inventory, finance, personnel, purchasing, manufacturing, information technology,

cybersecurity and other operational strategies and systems to become and remain successful. Each Fund's returns will depend upon our ability to find and invest in companies that can successfully combine these strategies and systems where products and markets are constantly evolving. There can be no assurance that the Funds will find and invest in a sufficient number of these companies to meet investor return expectations. The Funds will, in certain circumstances, also invest in less established companies. Such investments can involve greater risks than generally are associated with investments in more established companies, as less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies can also have shorter operating histories on which to judge future performance and cash flow.

- *Integration of Acquisitions.* From time to time, we evaluate and acquire assets and businesses that we believe complement our existing companies. Acquisitions generally require substantial capital or the incurrence of substantial indebtedness. A company's capitalization and results of operations can change significantly as a result of future acquisitions. Acquisitions and business expansions involve numerous risks, including difficulties in the assimilation of the assets and operations of the acquired businesses, inefficiencies and difficulties that arise because of unfamiliarity with new assets and the businesses and new geographic areas associated with them, and the diversion of management's attention from other business concerns. Further, unexpected costs and challenges typically arise whenever businesses with different operations or management are combined, causing the companies to experience unanticipated delays in realizing the benefits of an acquisition. Also, following an acquisition, the companies will potentially discover previously unknown liabilities associated with the acquired business or assets for which the companies have no recourse under applicable indemnification provisions.
- *Strain of Growth on Resources and Systems.* Some companies experience fast expansion of their business through organic growth and acquisitions as they seek to grow their customer base, expand product offerings and pursue new market opportunities. The companies' operational, administrative and financial resources are, at times, inadequate to sustain such rate of growth. As the companies' business activities expand, they will need to increase their investment in network infrastructure, facilities and other areas of operations, and be required to improve existing, and implement new administrative, operational, technological, cybersecurity and financial systems, procedures and controls, and to expand, train and manage a growing employee base. Furthermore, the companies' management will be required to maintain and expand relationships with suppliers and other third parties necessary for the success of the business. This growth can present significant challenges, and if the companies are unable to manage such growth and expansion effectively, the quality of services could deteriorate and lead to adverse financial results.
- *Cybersecurity Risk and Identity Theft.* Cybersecurity incidents and cyber-attacks, both generally and within the financial services industry, have been occurring globally at a more frequent and

secure level and will likely continue to increase in frequency in the future. The Funds, their portfolio companies, their service providers and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These information technology systems are subject to a number of different threats or risks that could adversely affect the Funds and their investors, despite the efforts of the Funds, their portfolio companies and their service providers to adopt technologies, processes and practices intended to mitigate these risks and protect the security of their computer systems, software, networks and other technology assets, as well as the confidentiality, integrity and availability of information belonging to the Funds and their portfolio companies. For example, these systems are subject to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, extreme temperatures, windstorms, ice storms and earthquakes. Third parties can also attempt to fraudulently induce employees, customers, third-party service providers or other users of such systems to disclose sensitive information to gain access to portfolio company data, Kainos's data or that of Fund investors.

To the extent a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company would likely be subject to substantial losses in the form of stolen, lost or corrupted: (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks would be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Kainos or one of its affiliates or service providers holding its financial or investor data, Kainos, its affiliates or a Fund would also be at risk of loss.

Although Kainos and the portfolio companies have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Kainos, the Funds, the portfolio companies and/or a service provider thereof would have to make a significant investment to fix or replace system components. A successful penetration or circumvention of the security of these systems, or a failure of these service provider's systems and/or of disaster recovery plans for any reason could cause significant interruptions in Kainos's, the Funds', the portfolio companies' and/or a service provider's operations, including the ability to manufacture product. This could result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors) and proprietary and/or confidential information relating to portfolio companies, the inability to access electronic systems, loss or theft of proprietary information or corporate

data, physical damage to a computer or network system and costs associated with system repairs. Data taken in such breaches can be used by criminals in identity theft, to commit insider trading, in obtaining loans or payments under false identities and other crimes that could affect the investors directly as well as affect the value of assets in which a Fund invests. Such a breach or failure could harm Kainos's, the Funds', the portfolio companies' and/or a service provider's reputation, subject any such entity and their respective affiliates to legal claims, compliance costs and otherwise affect their business and financial performance. In addition, Kainos would likely incur substantial costs related to forensic analysis of the origin and scope of a cybersecurity breach, increased and upgraded cybersecurity, identity theft, unauthorized use of proprietary information, adverse investor reaction or litigation, which costs, under certain circumstances, could be borne by a Fund.

- *Illiquid and Long-Term Investments.* Although Fund investments sometimes generate current income, the return of capital and the realization of gains, if any, from a portfolio company generally will most likely occur only upon the partial or complete disposition of such portfolio company. While a portfolio company is subject to sale at any time, it is generally expected that the dispositions of most of each Fund's investments will not occur for a number of years after such investments are made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition, and such securities can require a substantial length of time to liquidate. The Funds generally will not be able to sell their securities publicly unless the sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases, the Funds are prohibited or limited by contract from selling certain securities for a period of time and, as a result, will not be permitted to sell a Fund investment at a time it might otherwise desire to do so. In addition, the Funds can make investments that, due to various reasons, are not capable of an advantageous disposition prior to the date a Fund is required to be dissolved, either by expiration of the Fund's term or otherwise. In such cases, such Fund will likely be required to sell, distribute in-kind or otherwise dispose of investments at a disadvantageous time as a result of dissolution.
- *Highly Competitive Market for Investment Opportunities.* The success of the Funds as a whole depends upon the identification and availability of suitable investment opportunities. The activity of identifying, completing and realizing attractive portfolio companies is highly competitive and involves a high degree of uncertainty. The availability of investment opportunities will be subject to market conditions, the prevailing regulatory conditions or the political climate in industries and regions in which the Funds intend to invest and other factors outside the control of the Funds. The Funds will be competing for investment opportunities against various other groups, including strategic or industry participants, family offices, and private equity or other investment firms or pools of capital. As a result, there can be no assurance that the Funds will be able to identify and complete investments that satisfy their investment objectives, or realize the value of such Fund investments, or that the Funds will be able to invest fully their commitments. Nonetheless, investors are sometimes required to

pay Management Fees based on aggregate commitments during such Fund's investment period. In addition, the general partner of a Fund could, at times, be required to undertake investment analyses and decisions on an expedited basis to take advantage of investment opportunities. In such cases, the information available to such general partner at the time an investment decision is made will potentially be limited, and such general partner might not have access to detailed information regarding a portfolio company. Therefore, no assurance can be given that a general partner will have knowledge of all circumstances that could adversely affect such portfolio company.

- *Portfolio Company Management Risks.* With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. Although we expect to monitor each portfolio company's management team, each portfolio company's management team will have day-to-day responsibility for the business of such portfolio company.
- *Key Person Risk.* The success of the Funds depends in substantial part upon the skill and expertise of the Partners, other investment professionals of the Firm, and others providing investment advice with respect to the Funds. There can be no assurance that these key investment professionals will continue to be associated with the Firm throughout the life of the Funds. The loss of key personnel could have a material adverse effect on the Funds' ability to realize their investment objectives. Furthermore, the Firm believes that its investment professionals have considerable expertise in the relevant sectors, but there is no means of predicting whether they will successfully implement the Funds' investment strategies, especially during changing economic conditions. Competition in the financial services industry for qualified investment professionals and other personnel is intense, and there is no guarantee that the talents of the Firm's or a portfolio company's investment professionals will stay the same, including whether the professionals who have contributed to the past performance of any prior Funds continue to serve in the same or similar roles on a particular investment team (or will leave such team or Kainos during the life of the Fund). The success of the Funds depends on the Firm's ability to identify and willingness to provide acceptable compensation arrangements to attract, retain and motivate talented investment professionals and other personnel. Such compensation arrangements provide that an investment professional or other person will, in certain circumstances after the individual is no longer employed or retained by the Firm or a portfolio company, be granted a continuing interest in respect of particular portfolio companies. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect the portfolio company's performance. Although the Firm expects to monitor portfolio company management, management of each portfolio company will have day-to-day responsibility with respect to the business of such portfolio company. There can be no assurance that the existing management team of a portfolio company, or any new team, will successfully operate such

portfolio company or meet the Funds' expectations. Some portfolio companies generally depend for their success on the management talents and efforts of one person or a small group of persons whose death, disability or resignation would significantly adversely affect the portfolio company's performance.

- *Concentration of Investments.* The Funds will participate in a limited number of investments within the food and consumer products sector and, as a consequence, it is possible that the aggregate return of a Fund will be affected by the performance of a single portfolio company or the food and consumer products sector.
- *Disposition of Private Investments.* Many of the Funds' investments involve private securities, which are generally more difficult to sell than publicly traded securities, as there is often no liquid market and which will potentially result in selling interests at a discount. In connection with the disposition of an investment in private securities, it is possible the Funds will be required to make representations about the business and financial affairs of portfolio companies typical of those made in connection with the sale of a business. The Funds would likely also be required to indemnify the purchasers of such investments to the extent that any such representations turn out to be inaccurate. These arrangements have the potential to result in the incurrence of contingent liabilities, ultimately yielding funding obligations that must be satisfied by the investors.
- *Control Position.* The Funds generally seek investment opportunities that allow them to have significant influence on the management, operations and strategic direction of the portfolio companies in which they invest. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, liabilities associated with pension plans, certain taxes, employment matters, and other types of liability in which the limited liability generally characteristic of business operations can sometimes be ignored. The exercise of control and/or significant influence over a portfolio company has the potential to expose the assets of the Fund to claims by a portfolio company's security holders and creditors. In addition, litigation risk is somewhat greater when the Funds exercise control or significant influence over a portfolio company's direction, including as a result of board participation. Such litigation can arise as a result of issuer defaults, issuer bankruptcies and/or other reasons. In certain cases, such issuers bring claims and/or counterclaims against the Funds, the general partners, the Firm and/or their respective principals and affiliates alleging violations of securities laws and other typical issuer claims and counterclaims seeking significant damages. The expense of defending against claims made against the Funds by third parties and paying any amounts pursuant to settlements or judgments can, to the extent that (a) the Funds have not been able to protect themselves through indemnification or other rights against the portfolio companies, (b) the Funds are not entitled to such protections or (c) a portfolio company is not solvent, be borne by the Funds pursuant to indemnification obligations and

reduce net assets. The Firm, the general partners and others are subject to indemnification by the Funds in connection with such litigation, subject to certain conditions.

- *Minority Investments.* The Funds can occasionally also make minority investments in portfolio companies where they have more limited influence. Such portfolio companies sometimes have economic or business interests or goals that are inconsistent with those of the Funds and it is possible that the Funds will not be in positions to limit or otherwise protect the value of their investments in such portfolio companies. The Funds' control over the investment policies of such portfolio companies can potentially also be limited. This has the potential to result in a Fund's investments being frozen in minority positions that incur substantial losses. In addition, if the Funds take minority positions in publicly-traded securities as "toe-hold" investments, such publicly-traded securities are subject to fluctuation in value over the limited duration of the Fund's investments in such securities, which has the potential to reduce returns to investors. Therefore, there can be no assurance that the Funds will be able to realize the value of any such investments and distribute proceeds in a timely manner. In addition, although the Funds will generally seek board representation in connection with minority investments, there can be no assurance that such representation, if sought, will be obtained, or will ultimately be successful in influencing the operations of the portfolio company.
- *Board Participation.* Each Fund is represented on the boards of directors, or similar governing body, of certain of its portfolio companies or will generally seek to have its representatives serve as observers to such boards of directors, or similar governing body. Although such positions in certain circumstances are important to the Fund's investment strategies and enhance the general partner's ability to manage the portfolio companies, they sometimes also have the effect of impairing the general partner's ability to sell the related securities when, and upon the terms, it otherwise desires, and risk subjecting the general partners, the Firm and the Funds to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director related claims. In general, the Funds will indemnify the general partners, the Firm and their representatives from such claims.
- *Projections.* The Funds use financial projections to help analyze a potential investment or future capital raises and financing for portfolio companies or other transactions. The Funds rely upon projections developed by the investment manager or a portfolio company concerning the portfolio company's future performance and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of the investment manager and the portfolio company. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values, outcomes and cash-flow.
- *Non-U.S. Investments.* The Funds make occasional investments outside of the United States. Foreign securities involve certain risks not typically associated with investing in U.S. securities, including risks relating to: (i) currency exchange matters, including fluctuations in the rate of

exchange between the U.S. dollar and the various foreign currencies in which the Fund's foreign investments, if any, are denominated, and costs associated with conversion of investment principal and income from one currency into another; (ii) differences between the U.S. and foreign securities markets, including potential price volatility in and relative illiquidity of some foreign securities markets; (iii) the potential for rapid fluctuation in inflation rates; (iv) the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (v) certain economic and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, border control and the risks of political, economic or social instability; (vi) obtaining foreign governmental approvals and complying with foreign laws; (vii) the possible imposition of foreign taxes on income and gains recognized with respect to such securities; (viii) more rudimentary anti-fraud and anti-insider trading regulation; and (ix) less developed corporate laws regarding fiduciary duties and the protection of investors. Each Fund's returns on their U.S. investments are not necessarily indicative of the results they achieve on investments located in foreign countries. Foreign countries occasionally lack prohibitions or restrictions on the ability of management to terminate existing business operations, sell or otherwise dispose of a portfolio company's assets, or otherwise materially affect the value of the company without the consent of the company's shareholders. Anti-dilution protection is also very limited at times. In certain of these countries, the concept of fiduciary duty on the part of the management or directors of companies to shareholders can be limited. The legal systems in these countries sometimes offer no effective means for the Funds to seek to enforce their rights or otherwise seek legal redress or to seek to enforce foreign legal judgments.

- *Investments in Partnerships, Joint Ventures and Other Entities.* The Funds acquire interests in partnerships, joint ventures or other entities that own or invest, directly or indirectly, in portfolio companies. Such investments, under certain circumstances, involve risks not present in direct investments, including, for example, the possibility that one or more of a co-venture or partner might become bankrupt, have economic or business interests or goals which are inconsistent with those of the Funds, or be in a position to take action contrary to the Funds' objectives. Under certain circumstances, it is also difficult for the Funds to liquidate their interests in any such partnership, joint venture or other entity. From time to time the Funds form companies to hold certain of their investments in an attempt to facilitate their sale, as well as invest in existing portfolio companies in an attempt to recognize the value of their underlying assets. There can be no assurance that either strategy will be successful.
- *Counterparty Risk.* The Funds will be subject to the risk of the inability of counterparties and custodians to perform with respect to transactions or to safeguard assets, whether due to insolvency, bankruptcy or other causes, which could subject the Funds to incur substantial losses. In an effort to mitigate such risks, the general partners will attempt to limit transactions and entrust assets to counterparties that it believes are established, well-capitalized and creditworthy. Of paramount concern in purchasing securities and other assets is the possibility

of material misrepresentation or omission on the part of a counterparty. Such inaccuracy or incompleteness is likely to adversely affect the valuation of a portfolio company or other asset. The Funds rely upon the accuracy and completeness of representations made by counterparties to the extent reasonable and appropriate, but cannot guarantee that such representations are accurate or complete. Under certain circumstances, distributions to or by a Fund will be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance.

- *Valuation of Assets.* There is no actively traded market for most of the securities owned by the Funds. When estimating fair value, Kainos applies a methodology based on its judgment that it believes is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio companies are fairly valued is an important focus of Kainos. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values will possibly differ from values that would have been determined had an active market existed for such securities and will possibly differ from the prices at which such securities are ultimately sold. Third-party pricing information is not available regarding certain Fund assets at times. With respect to the Funds, the exercise of discretion in valuation by Kainos will sometimes give rise to conflicts of interest, as the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect performance calculations.

In addition, the Firm regularly reports to Fund investors, prospective investors and the investor community more generally, metrics of each Fund's performance, such as rates of return and multiples-of-money, whose calculation depends on the value of the Funds' investments, including unrealized investments. These reports are an indication of the overall health of a Fund and are important to the Firm's efforts to attract investors to the Firm and any current or future Fund. An objective of Kainos's valuation methodologies and procedures is to eliminate any influence these incentives have on fair value determinations.

- *General Economic Conditions.* Changes in general global, regional and U.S. economic and geopolitical conditions can affect the Funds' activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the financial markets have the ability to affect the value and number of portfolio companies made by the Funds or considered for prospective investment. Material changes and fluctuations in the economic environment, particularly of the type experienced in 2008 that caused significant dislocations, illiquidity and volatility in the wider global economy, can affect the Funds' ability to make investments, the value of any investments held by the Funds or a Fund's ability to dispose of such investments. The short-term and the longer-term impact of these events are uncertain, but they could continue to have a material effect on general economic conditions, consumer and business confidence and market liquidity. Any economic downturn resulting from a recurrence of such marketplace events and/or continued volatility in the financial

markets has the potential to adversely affect the financial resources of portfolio companies. Tariffs and other trade restrictions recently imposed by the U.S. government and any further similar changes in U.S. trade policy have triggered some, and could trigger additional, retaliatory actions by affected countries, possibly resulting in “trade wars.” Fund investments can be expected to be sensitive to the performance of the overall economy. Moreover, a serious pandemic, natural disaster, armed conflict, threats of terrorism, terrorist attacks and the impact of military or other action could severely disrupt global, national and/or regional economies. A resulting negative impact on economic fundamentals and consumer and business confidence would likely negatively impact market value, increase market volatility and reduce liquidity, all of which could have an adverse effect on the performance of portfolio companies, a Fund’s returns and a Fund’s ability to make and/or dispose of portfolio companies. No assurance can be given as to the effect of these events on the portfolio companies or the Funds’ investment objectives.

- *Economic Disruptions Due to Public Health Emergencies.* Pandemics and other widespread public health emergencies, such as, and including but not limited to the recent global spread of COVID-19 (the “coronavirus”) have shown an ability to result in a broad-based economic decline and significant market volatility. In particular, the ongoing coronavirus outbreak has resulted in numerous deaths, adversely impacted global commercial activity and contributed to significant volatility in certain equity and debt markets. Pandemics represent economic threats that are subject to frequent and rapid change and therefore present material uncertainty and risk with respect to the Funds’ performance and financial results. In an attempt to decrease the global impact of such pandemics, countries, states and municipalities have instituted quarantines, prohibitions on travel and the closure of offices, businesses, schools, retail stores and other public venues. Different countries, states and municipalities have instituted different levels of such security measures and have had varying levels of success in implementing such restrictions. This has resulted in sometimes stark geographic differences in economic activity as well as safety standards. Businesses have also implemented similar precautionary measures, notably including a significant shift to work-from-home and restrictions on business travel. The extent of the impact of any public health emergency on the Funds’ and their portfolio companies’ operational and financial performance will depend on many factors, including the duration and scope of such public health emergency, the extent of any related travel advisories and restrictions implemented, the impact of such public health emergency on overall supply and demand, goods and services, investor liquidity, consumer confidence and levels of economic activity and the extent of its disruption to important global, regional and local supply chains and economic markets, how quickly vaccines can be rolled out and whether such vaccines will provide lasting benefits or if it will require annual inoculations, and governmental, regulatory and private sector safety precautions, all of which are highly uncertain and cannot be predicted.

Aside from the broad effects on the economy, the coronavirus has had specific implications for the Firm’s operations and activities of its personnel, including employees choosing to work

from home to more significant impacts such as illness, restrictions on non-essential travel, difficulty hosting fundraising meetings and absence from in-person portfolio company board meetings. The Firm implemented procedures laid out in its Business Continuity Plan beginning in the spring of 2020, as it deemed appropriate, to deal with operational impacts from the coronavirus. As the length of the current coronavirus pandemic has been extended, the Firm has considered additional or modified safeguards to reflect the fact that employees have often been required to work from home for an extended period of time. Additionally, although the Funds generally invest on a long-term basis in privately held companies that are less correlated to broader market forces, the impact of a global economic slowdown, including from a pandemic, has the potential to impact the Funds' performance and/or financial results by negatively effecting the Firm's ability to, among other things, source new investments, diligence such potential investments, exit current investments (or exit them at the valuations previously expected) or obtain financing. Depending on the specific industries in which the Funds' portfolio companies operate and where their supply and distribution chains are located, it is possible that the coronavirus or other pandemics are likely to have an outsized impact on individual portfolio companies.

In addition to the potential impacts on the Firm's operations and the overall profitability of a Fund, the Firm's portfolio companies have faced their own operational challenges in dealing with the current pandemic. These include, but are not limited to, that certain (or all) employees have had to work remotely, possible disruptions to their supply chains and/or that all or some of their facilities have been forced to shut down or operate at reduced capacity. The Firm has generally attempted to assist portfolio companies with implementing procedures to mitigate the impact of the coronavirus; however, there can be no assurance that such measures will be effective or that even if effective, that such portfolio companies will not sustain significant financial losses. Depending on the length and severity of the current pandemic, it is possible that Firm personnel will continue to spend a significant amount of time and attention addressing implications from the coronavirus, including minimizing the impact at the Firm, the Funds or a specific portfolio company, which time generally would have been devoted to other activities on behalf of the Funds.

- *Environmental, Social and Governance Matters.* Kainos recognizes that, for many investors, environmental, social or governance ("ESG") concerns and the societal impact of their portfolios is an important consideration which cannot be viewed in isolation from overall investment performance. Therefore, if appropriate the Firm will take certain ESG considerations into account in its investment decision process (including if appropriate the decision to buy, sell or hold an investment) and will, in appropriate circumstances, incorporate similar considerations into the Firm's ongoing management decisions with respect to each portfolio company. However, ESG is only one of the many factors Kainos will consider in making investment decisions, and unless otherwise required pursuant to a Fund's Governing Documents, the weight placed on any such ESG considerations will be in Kainos's sole and absolute discretion. Further, applying ESG goals to investment decisions is qualitative and

subjective by nature, and there is no guarantee that the criteria utilized by Kainos or any judgment exercised by Kainos will reflect the beliefs or values of any particular investor or group of investors. Finally, an assessment of ESG factors is not necessarily determinative and Kainos's investment decisions will always be subject to being made in a manner that is consistent with the Firm's fiduciary duty to act in the best interests of the Fund's investors.

To the extent that Kainos engages with companies on ESG-related practices and potential enhancements thereto, there can be no guarantee that (i) such engagements will achieve either or both of the desired financial and social results, and/or (ii) the market or other stakeholders (community members, portfolio company employees, customers, etc.) will view any such changes as desirable (either socially or to a Fund's financial health).

There is a risk that the Funds will underperform other funds that do not take ESG-related factors into account or conversely, could underperform specialized funds that are largely or exclusively focused on sustainable investing principles.

**C. If you recommend primarily a particular type of security, explain the material risks involved. If the type of security involves significant or unusual risks, discuss these risks in detail.**

For information regarding the types of securities and portfolio companies in which Funds invest, please see Item 4.B and Item 8.A, above.

## **Item 9 – Disciplinary Information**

**If there are legal or disciplinary events that are material to a client's or prospective client's evaluation of your advisory business or the integrity of your management, disclose all material facts regarding those events.**

Like other registered investment advisers, Kainos is required to disclose all material facts regarding any legal or disciplinary events that would materially impact an investor's evaluation of Kainos or the integrity of Kainos's management.

On occasion, in the ordinary course of its business, Kainos, the Funds, or the Funds' portfolio companies (or their respective directors, and executive officers) carry the potential to be named as defendants in a legal action. Although there can be no assurance of the outcome of such legal actions, Kainos does not believe that any current legal proceedings or claims to which Kainos, the Funds, or the Funds' portfolio companies (or their respective directors, and executive officers) are a party, if any, would individually or in the aggregate materially affect an investor or prospective investor's evaluation of the Firm or the integrity of the Firm's management.

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

**A. If you or any of your management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, disclose this fact.**

We are not registered, nor do we have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

**B. If you or any of your management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities, disclose this fact.**

Neither Kainos nor any of its management persons are registered, or have an application pending to register, as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing.

**C. Describe any relationship or arrangement that is material to your advisory business or to your clients that you or any of your management persons have with any related person listed below. Identify the related person and if the relationship or arrangement creates a material conflict of interest with clients, describe the nature of the conflict and how you address it.**

1. Broker-dealer, municipal securities dealer, or government securities dealer or broker
2. Investment company or other pooled investment vehicle (including a mutual fund, closed-end investment company, unit investment trust, private investment company or “hedge fund,” and offshore fund)
3. Other investment adviser or financial planner
4. Futures commission merchant, commodity pool operator, or commodity trading advisor
5. Banking or thrift institution
6. Accountant or accounting firm
7. Lawyer or law firm
8. Insurance company or agency
9. Pension consultant
10. Real estate broker or dealer
11. Sponsor or syndicator of limited partnerships.

As described in Item 4 above, each Fund is affiliated with a general partner. These general partners are deemed registered with the SEC under the Advisers Act pursuant to Kainos’s registration. Kainos provides personnel and other services to its Funds together with the general partners. The general partners do not have personnel of their own.

Kainos has no arrangements with a related person who is a broker-dealer, municipal securities dealer, government securities dealer or broker, investment company, other investment adviser, financial planner, futures commission merchant, banking or thrift institution, accountant or accounting firm, lawyer or law firm, insurance company or agency, pension consultant, real estate broker or dealer, or sponsor or syndicator of limited partnerships that are material to its advisory business, the Funds or their investors.

Kainos has and will continue to develop relationships with professionals who provide services it does not provide, including: legal, accounting, banking, investment banking, tax preparation, insurance brokerage, executive recruiting, background checks, environmental liability, investment due diligence, investment management services, ESG and any related consulting or other services. Some of these professionals provide services to the principals, the Funds or their portfolio companies. Additionally, some of these professionals are investors in Kainos Funds, either personally or through their company.

From time to time, Kainos receives training, information, promotional material, meals, entertainment, gifts or other perquisites from vendors and others with whom it does business or to whom it makes referrals. At no time will Kainos accept any benefits, entertainment, gifts or other arrangements that are conditioned on directing individual Fund transactions to a specific security, product or provider. Similarly, Kainos employees have in the past, and expect to in the future, speak at or attend conferences and programs for potential investors interested in investing in private funds and other industry events that are sponsored by various investment bankers, broker-dealers or others. Through such capital introduction and other industry events, prospective investors have the opportunity to meet with Kainos. Neither Kainos nor any Fund compensates these investment bankers, broker-dealers or others for organizing such events or for investments ultimately made by prospective investors attending such events other than registration, sponsorship, membership or other similar fees paid to attend such events.

**D. If you recommend or select other investment advisers for your clients and you receive compensation directly or indirectly from those advisers that creates a material conflict of interest, or if you have other business relationships with those advisers that create a material conflict of interest, describe these practices and discuss the material conflicts of interest these practices create and how you address them.**

Kainos does not recommend or select other investment advisers for the Funds.

#### **Item 11 – Code of Ethics, Participation or Interest in Client Transactions and Personal Trading**

**A. If you are an SEC-registered adviser, briefly describe your Code of Ethics adopted pursuant to SEC Rule 204A-1 or similar state rules. Explain that you will provide a copy of your Code of Ethics to any client or prospective client upon request.**

## Code of Ethics

As fiduciaries, Kainos and its employees have certain legal obligations to put the Funds' interests ahead of their own. We have adopted a written code of ethics, based on principles of openness, honesty, integrity and trust. The code of ethics is included as a part of our compliance manual and is provided to each employee and will be made available to Fund investors upon request. Our code of ethics covers, among other things, standards of business conduct, supervised persons' prohibited business practices, personal trading requirements, reporting of personal securities transactions and insider trading.

Each employee must certify that he or she has read, understands and agrees to comply with our compliance manual. Each employee must also certify initially upon hire and annually that he or she has complied with the compliance manual. We hold at a minimum an annual compliance training session, and attendance is mandatory for all employees.

Our "supervised persons" (all employees except for certain employees involved only in clerical and administrative activities) are required to notify us of all of their securities holdings and accounts and to submit to us no later than 30 days after the end of each calendar quarter securities transaction reports identifying all securities purchased and sold. Furthermore, we require that each supervised person re-affirm the accuracy of his or her list of accounts and securities on record with us at least annually. We maintain a restricted list of issuers about which we have or may have material nonpublic information. Supervised persons are required to obtain our approval before investing in any restricted list securities, initial public offering of securities or in any private placement of securities. Our supervised persons are permitted to carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds and are not prohibited from giving advice and recommending securities for friends and family which differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives will, in some cases, be the same or similar. In addition, Partners, employees and affiliates can be permitted to buy securities in transactions offered to but rejected by the Funds or that are outside the investment mandate of the Funds. Such transactions are subject to the policies and procedures set forth in Kainos's code of ethics.

A copy of the code of ethics is available to any investor upon written request to: William G. Neisel, Kainos (TX) Capital LP, 2100 McKinney, Suite 1600, Dallas, Texas 75201.

**B. If you or a related person recommends to clients, or buys or sells for client accounts, securities in which you or a related person has a material financial interest, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

## Conflicts of Interest

Kainos and its related entities engage in a broad range of activities, including providing investment

advisory, management, monitoring and other services to the Funds and their portfolio companies. In the ordinary course of conducting its activities, the interests of a Fund at times conflict with the interests of Kainos, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how Kainos addresses such conflicts of interest, can be found below. More information regarding conflicts of interest and potential conflicts of interest is available in each Fund's Governing Documents.

The following summary of potential conflicts of interest is not intended to be an exhaustive list of all conflicts or their potential consequences. Identifying potential conflicts of interest is complex and fact intensive and it is not possible to foresee every conflict of interest that will arise during a Fund's life. Investors should be aware that Kainos, its personnel, and its affiliates will likely in the future engage in further activities that can result in additional conflicts of interest not addressed below. There can be no assurance that Kainos will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to the Funds. To the extent that Kainos identifies conflicts of interest in the future, the Firm intends to, but is under no obligation to, disclose these conflicts and their implications to investors through a variety of channels, including in subsequent Brochures or in other written or oral communications to the advisory boards or to investors.

### **Resolution of Conflicts**

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

1. A Fund will not make an investment unless Kainos 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 Governing Documents for the Funds;
3. Advisory boards have been established for each of the main Funds, consisting of representatives of investors not affiliated with Kainos. The advisory boards meet as required to consult with Kainos as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, while Kainos is authorized to seek guidance from the relevant advisory board, it will be guided by its good faith discretion;

4. Where Kainos deems appropriate, unaffiliated third parties are permitted to 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.

**C. If you or a related person invests in the same securities (or related securities, e.g., warrants, options or futures) that you or a related person recommends to clients, describe your practice and discuss the conflicts of interest this presents and generally how you address the conflicts that arise in connection with personal trading.**

**Allocation of Investment Opportunities among Funds; Allocation of Co-Investment Opportunities; Allocation of Fees and Expenses among Funds**

In connection with its investment activities, Kainos sometimes encounters situations in which it must determine how to allocate investment opportunities among its Funds, which sometimes include, but are not limited to, the following:

- The relevant Fund or a successor or predecessor fund;
- 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 Funds (the investors in such co-investment vehicles sometimes include portfolio company employees, business associates, operating advisors and other “friends and family” of Kainos or its personnel, individuals and entities that are also investors in one or more Funds (“Kainos Investors”) and/or individuals and entities that are not investors in any Fund (“Third Parties”));
- Kainos Investors and/or Third Parties that wish to make direct investments (*i.e.*, not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Funds; and
- Kainos Investors and/or Third Parties acting as “co-sponsors” with Kainos with respect to a particular transaction.

Kainos 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 relevant Fund. Investment Allocation Requirements shall generally be set forth in the relevant Fund’s Governing Documents. To the extent

the Investment Allocation Requirements of a Fund do not include specific allocation procedures, Kainos will follow its written policies and procedures.

Kainos will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

Subject to any Investment Allocation Requirements or the Fund's Governing Documents, in general, (i) no investor in a Fund has a right to participate in any co-investment opportunity; (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Kainos or its related persons or other participants in the applicable transactions, such as co-sponsors; (iii) co-investment opportunities will sometimes be offered to some and not other investors in a Fund, in the sole discretion of Kainos or its related persons; (iv) certain persons other than Kainos Investors (*e.g.*, Third Parties) will be offered co-investment opportunities, subject to the sole discretion of Kainos or its related persons; and (v) co-investors are permitted to purchase their interests in a portfolio company at the same time as the Fund or purchase their interests from the applicable Fund after such Fund has consummated its investment in the portfolio company (also known as a post-closing sell down or transfer).

Kainos will determine if the amount of an investment opportunity exceeds the amount Kainos determines would be appropriate for the 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 Kainos and/or the Fund or management teams of the applicable portfolio company, seller rollover, certain strategic investors, lenders and other investors whose allocation is determined by Kainos to be in the best interest of the applicable Fund), and any such excess will, in certain circumstances, be offered to one or more co-investors pursuant to the procedures included in such Fund's Governing Documents and as set forth in Kainos's written policies and procedures.

Kainos's exercise of its discretion in allocating investment opportunities with respect to a particular investment among investors, including the Funds, potential co-investors, Kainos Investors and Third Parties, often will not result in proportional allocations among such persons, and such allocations will at times be more or less advantageous to some such persons relative to other such persons. Kainos will determine how to allocate investment opportunities using its best judgment, considering such factors as it, in its sole discretion, deems relevant; however, 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 Kainos is subject, as discussed herein, did not exist.

As referenced in Item 4 above, in certain cases co-investments have been structured either as (i) a separate Fund or (ii) a direct investment by certain investors into a portfolio company or its holding or operating company. When structured as a Fund, Kainos considers the investment to be a Fund, identifies the Fund in its Form ADV Part 1, Schedule D, Section 7.B.(1), obtains an audit for the Fund, and includes the amount of assets of such Fund in the Firm's regulatory assets under management.

To the extent Kainos has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, Kainos shall consider the factors listed above in exercising such discretion. Subject to any restrictions in the Governing Documents of the applicable Fund, Kainos or its related persons could be asked to identify a limited number of Kainos Investors or Third Parties to potentially acquire the interest being transferred.

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

In exercising its discretion to allocate investment opportunities and fees and expenses, Kainos is likely to 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, Kainos will, in certain circumstances, have an incentive to allocate investment opportunities to the Fund from which Kainos or its related persons derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, Partners and other personnel of Kainos invest indirectly in and are permitted to invest directly in a Fund and, in such circumstances, will therefore participate indirectly in investments made by the Fund in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances sometimes present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Kainos is likely, from time to time, to establish certain investment vehicles through which certain employees of Kainos or its affiliates, certain business associates, other "friends of the firm," or other persons are permitted to invest alongside one or more Funds in one or more investment opportunities. Such vehicles generally are contractually required, as a condition of investment, to purchase and sell each investment opportunity at substantially the same time and substantially the same terms as the applicable Fund that is invested in that investment opportunity. Such vehicles sometimes do not pay Management Fees or Carried Interest.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, Kainos will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its Funds under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, Kainos is subject to a variety of potential conflicts of interest. As a general matter, expenses incurred on behalf of multiple advisory Funds will be allocated among such advisory Funds. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by Kainos or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. Investors in a Fund are typically allocated (or otherwise bear) their pro rata share of such fees and expenses, which will be calculated, in certain circumstances, based on capital commitments, invested capital, available capital, or other metrics as determined by Kainos in its sole discretion.

The appropriate allocation between Funds, Kainos Investors and Third Parties of expenses and fees generated in the course of evaluating potential 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 Kainos and its affiliates in their good faith discretion, consistent with the Governing Documents of the relevant Fund, as applicable. With respect to consummated transactions, co-investments will typically bear their pro rata share of fees, costs and expenses related to the discovery, investigation, development, acquisition, ownership, maintenance, monitoring, hedging and disposition of such investments. With respect to fees, costs and other expenses related to potential investments that are not consummated, such as break-up fees or broken deal expenses, such fees, costs and expenses will be considered operating expenses of and be borne by the applicable Fund in the likely event not reimbursed by those indicating an interest in the co-investment opportunity.

There are likely to be occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Fund”) (*e.g.*, legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund. There are also occasions where the Firm or a Payor Fund pays an expense on behalf of a portfolio company. On such occasions, the portfolio company will reimburse the Firm or Payor Fund for the expense, without interest, and such reimbursement will not be subject to the fee offset provision.

The allocations of such expenses will not necessarily be proportional. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which could result in the Funds bearing different levels of expenses with respect to the same investment. A conflict of interest could arise in Kainos’s determination whether certain costs or expenses that are incurred in connection with the operation of the Funds meet the definition of Fund operational expenses for which the Funds are responsible, or whether such expenses should be borne by Kainos. The Funds will be reliant on the determinations of Kainos in this regard. From time to time, it is possible that subsequent review of allocations could result in an identification of expenses that should have been allocated in a different manner, in which case measures would be undertaken to correct such circumstance, which can include a reversal of the original expense allocations, if possible, or such other equitable adjustment believed by Kainos to be the most appropriate corrective measure.

Some expenses are incurred on behalf of one Fund which have the potential to benefit other Funds. For example, information Kainos obtains in connection with a Fund’s research, due diligence and investment activities will be valuable to other Funds. Additionally, tools and resources developed at Kainos’s expense will be the intellectual property of Kainos and not the Fund.

### **Services to Portfolio Companies**

As described in Item 5 above, Kainos and its affiliates sometimes perform services for and receive Other Fees. In addition, we can be reimbursed by the Fund’s portfolio companies for expenses we

incur in connection with our performance of the services that give rise to Other Fees or as members of the board of directors or similar governing body (including without limitation travel expenses, which sometimes include expenses for chartered or first class travel); such reimbursed expenses are generally not included in the definition of “Other Fees” under the terms of the applicable Governing Documents, and such reimbursements are not subject to fee sharing arrangements. Both (i) the monitoring, directors’, consulting and other similar fees that we receive with respect to a portfolio company are generally determined with reference to a monitoring and oversight agreement with the portfolio company and (ii) the professional service or other similar fees that we receive with respect to a portfolio company are generally determined with reference to an advisory agreement with the portfolio company, and in each case are typically agreed to at the closing of a Fund’s investment in the portfolio company.

This creates a conflict of interest between Kainos and its affiliates and the Funds and their investors because the amounts of these fees and reimbursements are potentially substantial and the Funds and their investors generally do not have an interest in these fees and reimbursements (except in connection with the reductions described below). Kainos 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 are not necessarily (except in connection with the reductions described below) disclosed to investors in the Funds.

Kainos and its affiliates will in some circumstances reduce the amount of Management Fees paid by the applicable Fund in connection with the receipt of the applicable Fund’s share of such fees. The amount and nature of this reduction varies from Fund to Fund and is set forth in the Governing Documents of the applicable Fund. Entities other than Funds that participate in investments alongside the Funds (such as entities through which Kainos and certain employees and affiliates of Kainos invest alongside the Funds) typically do not have a right to share in such fees, and Management Fees will generally not be reduced in connection with the receipt of such entities’ share of such fees. In many cases with respect to the implementation of such arrangements, there is not an independent third party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest could exist in the determination of any such fees and other related terms in the applicable agreement with the portfolio company. As some Funds do not pay Management Fees, any such reduction will not benefit such Fund.

### **Follow-on Investments**

Investments to finance follow-on acquisitions sometimes present conflicts of interest, including a determination of the equity component and other terms of the new financing as well as the allocation of investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund sometimes participates in leveraging and recapitalization transactions involving portfolio companies in which another Fund has

already invested or will invest. Conflicts of interest can potentially 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.

## **Leverage**

The Funds from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay Fund expenses, to pay Management Fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), and to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing generally would be used for all investors in such Fund on a pro rata basis, including the general partner. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds, as they would be for any other borrowing by the Fund for any other purpose. The cost and availability of leverage is highly dependent on the state of the broader credit markets (which can be impacted by regulatory restrictions and guidelines) which state is difficult to accurately forecast, especially in light of the uncertainty in connection with the ongoing COVID-19 pandemic. As a result, at times it can be difficult for portfolio companies to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) can restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

Although borrowings by a Fund have the potential to enhance overall returns that exceed the Fund's cost of capital, such borrowings could in certain circumstances increase the potential exposure of a Fund to a particular investment above the level that the Fund would have typically made had an investment been limited to equity. Any such borrowings would further diminish returns (or increase losses on capital) to the extent overall returns are less than the Fund's cost of funds. To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions or a portfolio company borrows funds directly through the Fund facility, the Fund's investors generally make later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. Calling a large amount of capital at once to repay the then-current amount outstanding under the credit facility could cause liquidity concerns for investors that would not arise had the Firm called smaller amounts of capital incrementally over time as needed. This risk would be heightened for an investor with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the investor to meet the accumulated, larger capital calls at the same time. In addition, a Fund's use of borrowed funds has the potential to impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and has the potential to make net IRR calculations higher than they otherwise would be without Fund-level borrowing (especially where financing remains

outstanding for longer durations), as these calculations generally depend on the amount and timing of capital contributions, which timing is delayed by virtue of the use of the line of credit either (i) by purchasing an investment prior to a capital call or (ii) by facilitating a distribution in advance of the settlement of a transaction or in advance of when funds would otherwise have been available. The Funds typically pay interest on amounts borrowed under the credit facility and also pay a fee on the undrawn portion of the credit facility. Funds customarily pay a one-time fee for establishing the credit facility as well as certain other one-time and recurring fees and expenses. While a Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's general partner by potentially reducing the preferred return received by the investors and accelerating or increasing distributions of Carried Interest to the relevant general partner. The general partner therefore has a conflict of interest in deciding whether to borrow funds because the general partner has the potential to receive disproportionate benefits from such borrowings.

Borrowing by a Fund will generally be secured by capital commitments made by investors to such Fund and/or by the Fund's assets, and documentation relating to such borrowing can provide that during the continuance of a default under such borrowing, the interests of the investors can be subordinated to such Fund-level borrowing, and the lenders have the ability to call capital directly from the investors. Moreover, tax-exempt investors should note that the use of borrowings by the Fund has the potential to cause the realization of UBTI.

Although Kainos generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund bears liability for all or part of the obligations of another Fund, in certain circumstances (i) a cross-guarantee would be more efficient and convenient for administrative purposes and/or (ii) lenders and other market parties negotiate for the right to face only select Fund entities, which would result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In each such case, Kainos intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or other similar reimbursement arrangement; provided, however, that the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

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

Further, a Fund can draw on its line of credit to bridge financing to an affiliated investment vehicle, such as to a co-investment vehicle. In such circumstances, the co-investment vehicle is not a guarantor on the line of credit, although it received a benefit of the loan. In such cases, the co-investment vehicle has repaid the loan, all interest and directly allocable fees associated with the use of the Fund's line of credit.

On occasion a Fund investor places debt at a portfolio company. On such occasions, the Firm receives competitive bids from other debt providers and ensures that the transaction is made in the portfolio company's best interest.

## **Conflicts Related to Purchases and Sales**

Conflicts are subject to arise when a Fund makes investments in conjunction with an investment being made by another Fund or a Kainos affiliate, or in a transaction where another Fund has already made an investment. Investment opportunities are sometimes appropriate for multiple Funds (one or more of which might be a Kainos affiliate) at the same, different, or overlapping levels of a portfolio company's capital structure. Conflicts are also subject to arise in determining the terms of investments, particularly where the relevant Fund is permitted to invest in different types of securities in a single portfolio company. Questions occasionally arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring often raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company.

Kainos Funds and their affiliates are permitted to invest in bank debt and securities of companies in which other Funds hold securities, including equity securities. In the event that such investments are made by a Fund, the interests of such Fund could be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds will be prohibited from exercising voting or other rights and will be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds are permitted to provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by Kainos.

In addition, it is possible for a conflict to arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one Kainos Fund in a portfolio company also have the potential to raise the risk of using assets of a Fund to support positions taken by other Funds. Employees and related persons of Kainos and its affiliates have made or are likely to make capital investments in or alongside certain Funds, and might therefore be subject to additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in such 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 is permitted to invest in opportunities that other Funds have declined and, likewise, a Fund could decline to invest in opportunities in which other Funds or affiliates have invested.

From time-to-time Kainos is permitted, in its discretion, to enter into transactions with investors in one or more Funds to dispose of 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, Kainos will consider some

or all of the factors described above or in its written policies and procedures. The sales price for such transactions will be mutually agreed to by Kainos and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by Kainos. Although Kainos is not obligated to solicit competitive bids for such a sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the applicable Fund(s), taking into account the sales price and the other terms and conditions of the transaction. 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). Any such transactions will comply with the Governing Documents of the applicable Fund(s).

### **Allocation of Exit Opportunities**

In the event multiple Funds own the same security, unless otherwise approved by a Fund's advisory board or investors in accordance with the terms of the Fund's Governing Documents, we expect to allocate an exit opportunity pro-rata based on the amount of such securities held by each Fund.

### **Principal Transactions**

Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates and the clients thereof. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a "principal transaction"), the investment adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client's consent to the transaction. In the context of our business, a principal transaction would most likely refer to the practice of warehousing an investment for the formation of a future Fund, or Kainos or a Fund general partner purchasing the interest of an existing investor. We have 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. In addition, each Fund's Governing Documents generally contain additional restrictions on the ability of such Fund or Kainos to engage in principal transactions.

### **Agency Cross Transactions**

While uncommon, on occasion, a Fund will engage in an agency cross transaction where one Fund purchases or sells a security from or to another Fund. In the context of our business, an agency cross transaction would most likely refer to the practice of selling a portfolio company from one Fund to another.

Such transactions create a conflict of interest because, by not exposing such buy and sell transactions to market forces, a Fund could be less likely to receive the best price otherwise possible, or Kainos might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund in order, for example, to earn fees. Additionally, in connection with such

transactions, Kainos, its affiliates and/or their professionals (i) have, at times, 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). Kainos and its affiliates are permitted to receive management or other fees in connection with their management of the relevant Fund involved in such a transaction and will, in appropriate circumstances, also be entitled to share in the investment profits of the relevant Fund.

To address these conflicts of interest, in connection with effecting such transactions, Kainos will follow the Investment Allocation Requirements of the relevant Fund (*e.g.*, the Governing Documents of certain Funds, where applicable, provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that the Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Funds). To the extent such matters are not addressed in the Investment Allocation Requirements, Kainos's Chief Compliance Officer will be responsible for confirming that Kainos: (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. Kainos will not affect any such transaction for any Fund where Kainos is deemed to own more than 25% of the Fund, unless such transaction complies with the requirements of Kainos's principal transactions policy, as described above.

### **Transactions with Fund Investors**

We will, in certain circumstances, enter into transactions with certain Fund investors such as, for example, investors who are also business partners, such as insurance agents, investment banks, broker-dealers, legal counsel or others who provide services (including mezzanine and/or other lending arrangements) to the Firm, its Funds and/or portfolio companies. The terms of these transactions are negotiated on an arm's-length basis; however, Kainos is subject to a conflict of interest when determining such terms because we will generally benefit from retaining such investors' investment in the Funds.

### **Portfolio Company Advisory Board and Kainos Fund Advisory Board**

Kainos Partners and employees are permitted to serve on the boards of Fund portfolio companies. Serving in such capacity can give rise to conflicts of interest to the extent that an employee's fiduciary duties to a portfolio company as a director can potentially conflict with the interests of a Fund in general; however, as the Funds will generally be significant shareholders of such companies, it is expected that such interests will generally be aligned.

As a result of the Funds' controlling interests in portfolio companies, Kainos and its affiliates typically have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to Kainos and/or its

affiliates. Such amounts will be in addition to any Management Fees or Carried Interest paid by a Fund to Kainos. Kainos's authority to appoint or influence the appointment of portfolio company board members who will potentially be involved in approving compensation payable to the Firm subjects Kainos and any such portfolio company board appointees to potential conflicts of interest.

Certain of Kainos's Funds have an advisory board, which is established under the respective Funds' Governing Documents. Each Fund's advisory board is comprised of select investors of the relevant Fund. A conflict of interest is likely to exist where not all investors are asked to join a Fund's advisory board or that an investor is on the advisory board of more than one Fund. All investors are bound by the determinations of the relevant advisory board, regardless of whether an investor is directly represented by a member of such advisory board. Each Fund's Governing Documents will provide that to the fullest extent permitted by applicable law, none of the advisory board members shall owe any fiduciary duties to the Funds or any other investor. Members of the advisory board can have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the advisory board for consideration or review. Members of the advisory board typically have various business and other relationships with Kainos and its members, Partners, managers, directors, officers, employees and affiliates. These relationships have the potential to influence their decisions as members of the advisory board. To the extent that an investor is not directly represented by a member of the advisory board, such investor will have no influence over matters submitted to the advisory board for review or approval. On any issue involving actual conflicts of interest, Kainos will be guided by its good faith discretion.

In addition, members of one Fund's advisory board would likely also be a member of another Fund's advisory board. In such instances, a conflict of interest exists because advisory boards would be requested to provide consent with respect to transactions which involve a conflict of interest between two or more Funds on which such advisory board members serve, and such members are unlikely to recuse themselves from any such vote.

### **Conflicts Relating to the General Partners and Adviser**

Kainos generally will, 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) Kainos or a related person of Kainos (including but not limited to a portfolio company of a Fund); or (ii) an entity with which Kainos or its affiliates or a member of their personnel has a relationship or from which Kainos or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, Kainos will possibly, 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.

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

From time to time, certain portfolio companies of the Funds provide Kainos and its affiliates, employees, employee's friends and families, operating advisors or board members of such portfolio companies appointed by Kainos, with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge. Because its portfolio companies offer such discounts to customers other than Kainos and/or portfolio companies as part of their standard commercial practices in an effort to expand their respective customer bases, Kainos believes that the potential for conflicts of interest relating to such discounts is mitigated.

As with many other private equity fund sponsors, as part of Kainos's business, the Partners, Kainos and its employees have developed relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current and former portfolio companies and former employees and members of Kainos. Certain of these third parties will, on occasion: (i) introduce investment opportunities to Kainos; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to Kainos, the Funds, or portfolio companies. Such third parties also on occasion provide goods or services to or have business, personal, political, financial or other relationships with the Partners. In addition, such third parties are sometimes investors in one or more Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to Kainos, the Funds and/or their portfolio companies. These relationships have the potential to influence Kainos in deciding whether to select or recommend any such third party to perform services for the Funds or a portfolio company. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Funds or its portfolio companies, as applicable.

It is possible that Kainos will employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by a Fund; conversely, it is possible that former personnel or executives of Kainos will serve in significant management roles at portfolio companies or service providers recommended by Kainos.

Kainos and its employees receive certain intangible and/or other benefits or perquisites arising or resulting from their activities on behalf of a Fund, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses often result in "miles" or "points" or credit in loyalty/status programs to Kainos and/or its employees, and such rewards or amounts will exclusively benefit Kainos and/or such employees and will not be subject to the offset arrangements or otherwise shared with such Fund, its investors, or the portfolio companies.

The Governing Documents of each Fund and related documents are detailed agreements that establish complex arrangements among Kainos, the investors, the Fund, the general partner and other entities and individuals. Questions arise under these agreements regarding the parties' rights and obligations in certain situations, some of which will not have been contemplated at the time of the agreements' drafting and execution. In these instances, the operative provisions of the agreements, if any, can be broad, general, ambiguous or conflicting, and permit more than one reasonable interpretation. At times there will not be a provision directly applicable to the situation. While Kainos will construe the relevant agreements in good faith and in a manner consistent with its legal obligations (and, when appropriate, in consultation with external legal counsel), the interpretations Kainos adopts will not necessarily be, and need not be, the interpretations that are the most favorable to the Funds or their investors.

### **Fee Structure**

Because there is a fixed investment period after which capital from investors in the Funds is only able to be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by the Fund, this fee structure has the potential to create an incentive to deploy capital when Kainos would not otherwise have done so. The calculation of the Management Fee to be paid by a Fund after the end of the investment period is at times based on the cost of portfolio companies that have not been subject to a disposition or write-down. This fee structure creates the potential additional incentive to delay the write-down or disposition of a portfolio company.

Additionally, as discussed above in Item 6, the general partners of the Funds are entitled to Carried Interest, where applicable, under the terms of the Governing Documents of the relevant Fund. The general partners are affiliates of Kainos. The existence of the general partner's Carried Interest has the potential to create an incentive for the general partner to cause a Fund to make more speculative investments than it would otherwise make in the absence of performance-based compensation.

### **Conflicts with Portfolio Companies and Access to Inside Information**

Our Partners, officers, employees, or affiliates often serve as directors of certain entities through which a Fund will hold its investments and, in that capacity, are frequently called upon to make decisions that consider the best interests of such entity and its shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of such an entity, actions that might be in the best interest of the entity might not be in the best interests of the Funds, and vice versa. Accordingly, in these situations, conflicts of interest are subject to arise between such individual's duties as our Partner, officer, employee or affiliate and such individual's duties as a director of the entity. Further, these entities are sometimes counterparties or participants in agreements, transactions or other arrangements with other portfolio companies of Kainos that, although consistent with the requirements of each Fund's Governing Documents, would not necessarily have otherwise been entered into but for the affiliation with Kainos.

As a result of participation by representatives of the Firm on boards of certain companies, and/or as a result of confidentiality agreements or non-disclosure agreements entered into by the Funds or the Firm, the Funds on rare occasions acquire confidential or material, nonpublic information or are restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information and such information will serve to restrict the Funds in their investment activities. Due to these restrictions, a Fund will not be able to initiate a transaction that it otherwise might have initiated and will not be able to sell a portfolio company that it otherwise might have sold. Such possession of material, nonpublic information could create a conflict of interest between the representatives' and the Firm's duties and obligations to the companies on whose boards these representatives participate and a Fund's ability to effect purchases and sales of the securities of such companies in the best interests of the Fund.

In addition, Kainos receives and generates various kinds of portfolio company data and other information, including information related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information will, in certain instances, include material nonpublic information received or generated in connection with efforts on behalf of one Fund's investment in a portfolio company or prospective investment. This information allows Kainos to better anticipate macroeconomic and other trends and otherwise develop investment strategies. As a result, Kainos often gains industry, sector and other general expertise and knowledge in connection with a portfolio company that will benefit others, as well as Kainos and its affiliates, whether or not such other companies are in the same or a different Fund. In such circumstances where the benefitting portfolio company is in another Fund, one Fund will have borne the cost for value that will benefit the other. Kainos is likely in the future to enter into governance arrangements and confidentiality arrangements with portfolio companies, and will possibly also have access to other sources of information and research that would limit the internal distribution and use of such data. Kainos has in the past used, and is likely in the future, in certain instances to use this information in a manner that would provide a material benefit to, or present a conflict of interest between, Kainos, its affiliates, or to certain other Funds or investors without compensating or otherwise benefitting the portfolio company, Fund or Funds from which such information was obtained. In addition, Kainos has an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated.

In connection with the evaluation of potential investment opportunities, Kainos on occasion engages expert networks and/or makes use of data analytics, including data provided by third-party vendors. Kainos seeks to avoid inadvertently obtaining confidential information from such sources and has therefore implemented policies and procedures to mitigate the risk that the use of expert networks or data analytics could result in the receipt of confidential information by investment professionals.

### **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 can have conflicting investment, tax and

other interests with respect to their investments in a Fund. At times, the conflicting interests among the investors relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest sometimes arise in connection with decisions made by us or our 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, we and our affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax or other objectives of any investor individually.

### **Side Letter Agreements**

Kainos is permitted to enter into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms. We have entered into side letters and other agreement that change certain terms described in a Fund's Governing Documents, including, but not limited to, different fee structures (including, but not limited to, exempting investors who are affiliated or otherwise associated with us (i) from paying Carried Interest and (ii) from contributing capital to pay for Management Fees). In addition, as mentioned in Item 5 above, we have also entered into side letter provisions regarding non-fee structure items, such as with regard to amendment restrictions, advisory board membership, co-investment preferences, investment structuring considerations, notifications, certifications and reporting, among others.

### **Conflicts Related to the Withholding of Certain Information**

The Governing Documents of the Funds generally permit the applicable Fund's general partner to withhold information from designated investors in such Fund under specified circumstances. For instance, information will at times be withheld from investors that are subject to Freedom of Information Act or similar requirements. The relevant general partner will also from time to time elect to withhold certain information from investors for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such investors of receiving such information.

**D. If you or a related person recommends securities to clients, or buys or sells securities for client accounts, at or about the same time that you or a related person buys or sells the same securities for your own (or the related person's own) account, describe your practice and discuss the conflicts of interest it presents. Describe generally how you address conflicts that arise.**

Because of the private nature of its Fund investments, Kainos does not typically face a situation where a supervised person buys or sells a security for his or her own account at or about the same time that the Firm is also buying or selling the same securities for Fund accounts. In the event this were to occur, subject to the applicable Governing Documents, the supervised person wishing to purchase or

sell an interest in a Kainos portfolio company is required to seek pre-approval from the Chief Compliance Officer for such transaction.

## **Item 12 – Brokerage Practices**

**A. Describe the factors that you consider in selecting or recommending broker-dealers for client transactions and determining the reasonableness of their compensation (e.g., commissions).**

- 1. Research and Other Soft Dollar Benefits.** If you receive research or other products or services other than execution from a broker-dealer or a third party in connection with client securities transactions (“soft dollar benefits”), disclose your practices and discuss the conflicts of interest they create.
- 2. Brokerage for Client Referrals.** If you consider, in selecting or recommending broker-dealers, whether you or a related person receives client referrals from a broker-dealer or third party, disclose this practice and discuss the conflicts of interest it creates.
- 3. Directed Brokerage.**

Kainos focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions. In such privately negotiated transactions, best execution is met by the consummation of the deal with the best possible terms for the Fund, given the nature of the transaction and the related negotiations with the other parties to the transaction. Whether for private or public securities transactions, Kainos selects a broker-dealer or investment banker with the overall aim of maximizing returns for the Fund.

Selection of a broker-dealer or investment banker will be based on Kainos’s best judgment of who can provide best execution and will consider a variety of factors, which will not be limited solely to deal price, as specified in its compliance manual, including but not limited to: Kainos’s prior experience in working with the broker-dealer or investment banker; the broker-dealer or investment banker’s execution capability, financial responsibility, reputation and expertise within the industry; the broker-dealer or investment banker’s responsiveness to the Firm; the broker-dealer or investment banker’s expertise in dealing with investments that are restrictive or illiquid in nature; the type and size of the transaction involved; the value of any research services provided; and the cost, among other factors. Although Kainos generally seeks competitive commission rates, it does not necessarily pay the lowest commission or commission equivalent. Transactions that involve such specialized services on the part of the broker-dealer or investment banker can entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Kainos does not pay or receive soft dollars, does not receive fees for investor referrals, does not direct brokerage or advise investors on doing so, and does not currently aggregate trades.

**B. Discuss whether and under what conditions you aggregate the purchase or sale of securities for various client accounts. If you do not aggregate orders when you have the opportunity to do so, explain your practice and describe the costs to clients of not aggregating.**

It is not expected that opportunities to aggregate the purchase or sale of securities will occur frequently. However, if such opportunities arise, Kainos intends to trade such securities on an aggregated basis and allocate such purchase or sale of securities on a pro rata basis.

### **Item 13 – Review of Accounts**

**A. Indicate whether you periodically review client accounts or financial plans. If you do, describe the frequency and nature of the review, and the titles of the supervised persons who conduct the review.**

The investment portfolios of the Funds are generally private, illiquid and long-term in nature, and accordingly Kainos's review of them is not directed toward a short-term decision to dispose of securities. Decisions as to when to purchase or sell a portfolio company are made by the Kainos investment committee, generally our Partners. Our Partners are responsible for oversight of the investment, monitoring, and exit processes. In addition, our investment professionals generally meet weekly to review potential new and existing portfolio companies.

**B. If you review client accounts on other than a periodic basis, describe the factors that trigger a review.**

The Chief Compliance Officer and Chief Financial Officer review the accounts of the Funds on a quarterly basis and periodically check to confirm that each Fund is maintained in accordance with its stated business objectives. The Chief Compliance Officer and/or Chief Financial Officer would perform additional reviews in the event that a portfolio company needed subsequent financing, in the event of a potential acquisition or liquidity event, or if there were a serious performance issue.

**C. Describe the content and indicate the frequency of regular reports you provide to Clients regarding their accounts. State whether these reports are written.**

Investors in the Funds are generally provided with audited annual financial reports prepared in accordance with U.S. generally accepted accounting principles ("GAAP") accompanied by the report of the independent certified public accountant and quarterly unaudited summary financial information as specified in or in accordance with the terms of each Fund's Governing Documents. This information is generally provided electronically, or by hard copy if requested. Investors are also provided with annual tax information. Kainos and the general partners, from time to time and in their sole discretion, provide additional information relating to a Fund to one or more investors in such vehicle as they are requested or as Kainos and the general partners deem appropriate; such information is generally not made available to other investors who have not requested such information. The fact that Kainos provides such information upon request to one or more investors does not obligate

Kainos to affirmatively provide such information to all investors. As a result, certain investors will have more information about a Fund than other investors, and Kainos has no duty to, and does not intend to, ensure all investors seek, obtain or possess the same information regarding a Fund and its investments and/or portfolio companies.

#### **Item 14 – Client Referrals and Other Compensation**

**A. If someone who is not a client provides an economic benefit to you for providing investment advice or other advisory services to your clients, generally describe the arrangement, explain the conflicts of interest, and describe how you address the conflicts of interest. For purposes of this Item, economic benefits include any sales awards or other prizes.**

As mentioned in Item 5 above, Kainos receives compensation in the form of fees paid by the investors, as disclosed in the Governing Documents of each Fund. Kainos or certain of its affiliates have the right to receive certain Other Fees in connection with the Funds' investments and portfolio companies, as described in each Fund's Governing Documents. These fees are paid pursuant to separate agreements entered into with some portfolio companies to provide certain consulting services that Kainos believes will ultimately enhance the value of the companies and benefit the Funds and their investors. Generally, a percentage of such Other Fees are offset against the Management Fee, if any, as outlined in each Fund's Governing Documents. As some Funds do not pay Management Fees, any such reduction will not benefit such Funds.

These types of fee arrangements present potential conflicts of interest and provide Kainos with an incentive to recommend investments based on compensation received rather than the best interests of the Funds. To help mitigate this potential conflict of interest, an allocable portion of such benefits received by Kainos or its employees in connection with services rendered to portfolio companies or transactions of the Fund are offset in part or in whole against (and therefore reduce) Management Fees, if any, payable by the Funds, to the extent described above in Item 5 and as detailed in each Fund's Governing Documents.

**B. If you or a related person directly or indirectly compensates any person who is not your supervised person for client referrals, describe the arrangement and the compensation.**

From time to time, Kainos enters into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming an investor in a Fund. Any fees payable to any such placement agents will be borne by Kainos indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent agreement, including but not limited to placement agent travel, meals and entertainment expenses, typically are borne by the relevant Funds. All placement agents engaged by Kainos will be registered broker-dealers to the extent required by law or regulation.

## Item 15 – Custody

**If you have custody of client funds or securities and a qualified custodian sends quarterly, or more frequent, account statements directly to your clients, explain that clients will receive account statements from the broker-dealer, bank or other qualified custodian and that clients should carefully review those statements. If your clients also receive account statements from you, your explanation must include a statement urging clients to compare the account statements they receive from the qualified custodian with those they receive from you.**

Kainos is deemed to have custody over its Funds because of its affiliation with each Fund's general partner and the ability of the general partners to deduct fees from the Funds' accounts. To comply with Advisers Act Rule 206(4)-2 (the "Custody Rule"), Kainos has elected to undergo an annual GAAP financial statement audit by an independent public accountant registered with and subject to inspection by the Public Company Accounting Oversight Board ("PCAOB") for each of its Funds over which it is deemed to have custody.

The Funds are audited annually by KPMG, a PCAOB registered auditing firm, and Kainos delivers (or will deliver, in the case of newly formed Funds) to the Funds and their underlying investors a copy of the annual audited financial statements within 120 days of the fiscal year end. In addition, upon the final liquidation of a Fund, Kainos will obtain an audit that covers the liquidation period and distribute such audited financial statements prepared in accordance with GAAP with respect to such Fund to all underlying investors promptly upon completion of the audit. Investors in the Funds are encouraged to carefully review such financial statements.

Kainos does not accept physical possession of Fund assets or securities (other than certain privately offered securities to the extent permitted by the Advisers Act); securities are held by the Firm's qualified custodians, if applicable, and called capital is directly sent or wired into the respective Fund's bank account. Kainos receives monthly statements from each of its qualified custodians on behalf of its Funds. For more information about the Firm's qualified custodians, please see Form ADV Part 1, Schedule D, Section 7.B.(1).

## Item 16 – Investment Discretion

**If you accept discretionary authority to manage securities accounts on behalf of clients, disclose this fact and describe any limitations clients may (or customarily do) place on this authority. Describe the procedures you follow before you assume this authority (e.g., execution of a power of attorney).**

We have entered into investment management agreements with certain of the Funds. The management agreements and/or the management authority granted to the Funds' general partners pursuant to each Fund's Governing Documents provides us directly or through the relevant general partner with full discretion to determine investments to be purchased and sold on behalf of the Funds and the terms of the related transactions. Limitations on our investment discretion are set forth in

the Governing Documents of each Fund. Investment advice is provided directly to the Funds, subject to the direction and control of the Fund's general partner, and not individually to the investors in the Funds.

To become an investor in a Kainos Fund, an investor must execute, among other documents, a subscription agreement and a limited partnership agreement with such Fund. Such documents generally contain a power of attorney that grants Kainos or its general partner certain powers related to the orderly administration of the affairs of the Funds. Kainos generally is not required to contact an investor prior to transacting any business once an investor executes these documents.

Generally, Kainos's only restrictions with respect to managing a Fund, such as (but not limited to) the type of securities in which a Fund may invest, will be contained in the relevant Fund's Governing Documents. However, an investor can seek to impose limitations on Kainos's authority through a side letter agreement, though the Firm chooses whether or not to accept reasonable limitations or restrictions at its discretion. All limitations and restrictions placed by upon Kainos's investment authority with respect to an investor's investment must be presented to Kainos and the relevant Fund general partner in writing and agreed to by all applicable parties. Other investors meeting certain commitment thresholds can be provided with notification provisions regarding such side letter agreements but are not provided with consent rights regarding such agreements.

#### **Item 17 – Voting Client Securities**

**A. If you have, or will accept, authority to vote client securities, briefly describe your voting policies and procedures, including those adopted pursuant to SEC Rule 206(4)-6. Describe whether (and, if so, how) your clients can direct your vote in a particular solicitation. Describe how you address conflicts of interest between you and your clients with respect to voting their securities. Describe how clients may obtain information from you about how you voted their securities. Explain to clients that they may obtain a copy of your proxy voting policies and procedures upon request.**

While the securities evidencing the private equity investments to be made by the Funds are not typically the subject of proxies, there could be certain circumstances where we, having discretionary authority over the Funds, are asked to vote the securities or shareholder consents of the Funds on restructuring or other corporate matters. As such, Kainos has adopted proxy voting policies and procedures pursuant to Advisers Act Rule 206(4)-6. Kainos's proxy policy seeks to ensure that it votes proxies in the best interest of the Funds, including where there are material conflicts of interest in voting proxies. Kainos generally believe its interests are aligned with those of the Funds' investors through the Partners' beneficial ownership interests in the Funds. We will ensure that a record of each securities position held by the Funds is maintained and, where any such vote is to occur, have procedures to cast votes in a timely manner.

We will also determine whether there is, or appears to be, a material conflict of interest that has the potential to influence the voting decision in a manner that would be adverse to the interest of the

Funds. If we determine that there is no material conflict of interest, then we will make the voting determination and take the required voting action. If we determine that, due to a conflict of interest, we are not capable of making an independent determination as to the voting decision, the voting decision will be that recommended by the applicable Fund's advisory board or through other alternatives set forth in Kainos's proxy policy. The Funds, and underlying Fund investors, cannot direct our vote in a particular solicitation nor are we required to seek investor approval when voting proxies. The Funds are controlled by the general partners (our affiliates) and, as such, the Funds will be aware of how we voted with respect to their securities.

Kainos does not consider service on portfolio company boards by Kainos personnel or the receipt of nominal board fees to create a material conflict of interest in voting proxies with respect to such companies.

Our voting procedures are contained within our compliance manual and are available to investors in the Funds upon written request to: William G. Neisel, Kainos (TX) Capital LP, 2100 McKinney, Suite 1600, Dallas, Texas 75201.

**B. If you do not have authority to vote client securities, disclose this fact. Explain whether clients will receive their proxies or other solicitations directly from their custodian or a transfer agent or from you, and discuss whether (and, if so, how) clients can contact you with questions about a particular solicitation.**

This item is not applicable to Kainos.

## **Item 18 – Financial Information**

**A. If you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, include a balance sheet for your most recent fiscal year.**

Kainos does not require prepayment of more than \$1,200 in fees per Fund, six months or more in advance.

**B. If you have discretionary authority or custody of client funds or securities, or you require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance, disclose any financial condition that is reasonably likely to impair your ability to meet contractual commitments to clients.**

Kainos has no financial condition that impairs its ability to meet contractual and fiduciary commitments to investors.

**C. If you have been the subject of a bankruptcy petition at any time during the past ten years, disclose this fact, the date the petition was first brought, and the current status.**

Kainos has not been the subject of a bankruptcy petition at any time during the past 10 years.