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Uniform Application for Investment Adviser Registration Part 2A

INSIGHT VENTURE MANAGEMENT, LLC

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**This brochure provides information about the qualifications and business practices of Insight Venture Management, LLC. If you have any questions about the contents of this brochure, please contact us at 212-230-9200 and/or [contact@insightpartners.com](mailto:contact@insightpartners.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority. Additional information about Insight Venture Management, LLC also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). Registration does not imply a certain level of skill or training.**

## **Item 2 Material Changes**

There have been no material changes since the most recent update to Part 2 of Insight Venture Management, LLC (“Insight”, the “Manager” or “we”), which was the annual update made as of March 30, 2021.

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## **Item 4 Advisory Business**

Insight is an investment manager of private investment funds focused primarily on investing in growth-stage software, software-enabled services and Internet businesses as well as other strategies. Insight was founded in 1995. The owners of Insight are Jeffrey Horing, Deven Parekh, Jeffrey Lieberman and Michael Triplett through their respective interests in Insight Holdings Group, LLC.

Insight provides discretionary investment management services to pooled investment vehicles (each, a “Fund”) in accordance with individually negotiated investment objectives, strategies and guidelines, which may include restrictions on investing in certain securities or types of securities. Investors in the Funds (each, an “Investor”) invest with Insight by purchasing interests in a Fund when the Fund is raising capital. Please refer to Items 8 and 16 for more detailed descriptions of Insight’s investment strategies and restrictions.

Insight managed \$51,720,746,134.44 of client assets on a discretionary basis (and \$0 on a non-discretionary basis) as of December 31, 2020.

All discussions in this brochure of the Funds, their investments, the strategies Insight uses in managing the Funds, and the fees associated with an investment in the Funds are qualified in their entirety by reference to the Funds' private placement memoranda and amended and restated limited partnership agreements. This brochure and the material contained herein is not meant to be, nor shall it be construed as, an offer or solicitation of an offer for the purchase or sale an interest in the Funds.

## **Item 5 Fees and Compensation**

### **Management Fee**

With respect to Insight's flagship Funds, which generally invest in equity and equity related securities ("Flagship Funds"), Insight generally receives an annual management fee (the "Management Fee") from each Fund with respect to each Investor in such Fund. The Management Fee rate charged differs from Fund to Fund but is generally up to 2% of such Investor's commitment during the Fund's investment period or until Management Fees are payable to a successor Fund. After the investment period or when Management Fees are payable to a successor Fund, the Fund generally pays a Management Fee based on each Investor's pro rata share of the Fund's invested capital. Invested capital equals the balance of the acquisition cost of the portfolio investments held by the Fund, taking into account any permanent impairments of portfolio assets and otherwise as such acquisition cost is determined under the Fund's limited partnership agreement, which may differ from the cost basis determined under generally accepted accounting principles.

Unless a Fund's limited partnership agreement sets out specific criteria for determining when a portfolio investment is permanently impaired, a portfolio investment will be deemed permanently impaired when Insight determines, in accordance with its valuation policy, that the fair value of a Fund's aggregate remaining investment in a portfolio company is less than 50% of the acquisition cost of that investment for four consecutive quarters.

Once a portfolio investment is deemed permanently impaired, an amount equal to the difference between the acquisition cost and the fair value of the portfolio investment will be removed from the invested capital, and that reduction will impact management fees calculated beginning in the quarter following the issuance of a fund's quarterly financial statements to limited partners reflecting that a portfolio investment has been permanently impaired. To the extent a portfolio investment continues to depreciate after Insight has declared it permanently impaired, we will further mark down its fair value and remove the amount of that incremental further markdown from the management fee base, in each case in accordance with Insight's valuation policy (*i.e.*, quarterly). To the extent a portfolio investment appreciates after we have declared it permanently impaired, we will not mark up its fair value for management fee purposes. Insight will determine whether to permanently impair a portfolio investment at the aggregate portfolio company level unless Insight reasonably expects to realize on the investment at the individual security level rather than collectively for the interests in the portfolio company. Finally, if any Fund has a limited partnership agreement setting out specific criteria for a portfolio investment to be permanently impaired, Insight will make its permanent impairment assessment in accordance with the criteria set out in that agreement.

Management Fees are generally payable quarterly in advance and are deducted from the account of each Fund. Funds that Insight forms to co-invest alongside a Fund in certain investments (each, a “Coinvestment Fund”) generally charge a lower or no Management Fee and may have a sliding scale for Management Fees based on the size of Investor commitments or other criteria.

With respect to a Fund that Insight sponsored to invest in structured equity and/or secured or unsecured credit (“Opportunities Fund”), the Management Fee rate charged with respect to an Investor ranges from 0.75% to 1.00% of such Investor’s commitment during the first 18 months of the investment period or until Management Fees are paid to a successor Fund. Thereafter, the Opportunities Fund generally pays a Management Fee based on each Investor’s pro rata share of the Opportunities Fund’s invested capital.

Insight has sponsored the formation of (i) a Fund for the purpose of acquiring, holding, making follow-on investments in, and disposing of certain portfolio investments of certain prior Funds (the “Continuation Fund”) and (ii) a Fund for the purpose of acquiring, holding, making, and disposing of follow-on investments in certain Flagship Fund portfolio investments (the “Follow-On Fund”). Insight does not charge Management Fees to the Continuation Fund or the Follow-On Fund.

Insight has also sponsored the formation of the Insight Partners Public Equity Fund (the “IPPE Fund”) with an indefinite term. The Funds other than the IPPE Fund are referred to as the “Private Equity Funds.” The IPPE Fund’s Management Fee for each fiscal quarter is equal to a quarter of the result of the applicable management fee rate, ranging from 0.75% to 1.5% per annum, multiplied by the balance of each capital account of an Investor as of the beginning of such fiscal quarter. The IPPE Fund will calculate and pay the Management Fee in advance which will be deducted from the account of the IPPE Fund but will amortize the Management Fee monthly over the fiscal quarter for which such Management Fee is paid.

Generally, once a Fund has reached the end of its original term it no longer pays Management Fees. In addition Insight may elect to not charge a Management Fee to certain Investors within a Fund. For example, other than with respect to some older Funds, Insight generally does not charge Management Fees for Investors who are employees or former employees of, and may not charge Management Fees for Investors who are otherwise related to, Insight or its personnel. While Side-by-Side Funds (as described below in response to Item 7) pay Management Fees and Carried Interest, the Investors in such Side-by-Side Funds are more likely to be Investors who do not pay Management Fees and/or Carried Interest (as defined below in Item 5). Management Fees are paid by a Fund from capital contributions of the Fund Investors, proceeds from Fund investments or other cash available to a Fund.

In certain older Funds, Insight was, in its sole discretion, permitted to and did waive some of its Management Fees in exchange for a profits interest in the Fund. It last did so with respect to calendar year 2014. It never waived any management fees in its 2013 vintage Flagship Fund and removed the mechanism entirely starting from its 2014 vintage Flagship Fund.

Insight does not charge separate monitoring or advisory fees with respect to the investments of the Funds, except that it sometimes receives such fees or similar fees in transactions where other fund managers or third parties leading a transaction are charging such fees. Those fees are subject to offset as described below. Generally, the terms of such fees are negotiated by the party leading

the transaction and the agreements governing such fees have and are expected to contain typical terms for such fees, such as acceleration of monitoring fees upon an initial public offering or change of control. Insight personnel receive compensation from some portfolio companies for serving on the boards of directors of such companies, again, subject to offset as described below. Except with the consent of a Fund's limited partner advisory committee (each, an "Advisory Committee") in instances where a Fund's limited partnership agreement so permits, a Fund's allocable share of any advisory fees, directors compensation, break-up fees, topping fees or other similar fees received by the Fund's general partner, Insight, or their respective affiliates related to a portfolio investment or a proposed but unconsummated investment (less certain unreimbursed expenses) will generally be offset on a prospective basis against Management Fees or in some, but not all instances where Investors do not pay Management Fees, against partnership expenses as more specifically set forth in the limited partnership agreements governing each Fund. Such fees will be allocated by Insight in good faith among the Funds, including the Side-by-Side Funds, pro rata in proportion to their respective investments or proposed investments in the relevant portfolio investments or, with respect to proposed investments, to the extent permitted by the applicable limited partnership agreements, such other method as Insight determines is reasonable and fair. In certain Side-by-Side Funds, allocable amounts were not required to be offset against Management Fees or partnership expenses as described for other Funds above. Insight or its affiliates also receive fees from some portfolio companies for consulting services provided by the Insight Onsite group, an in-house consulting practice operated by Insight that provides services to portfolio companies. Historically, for the Funds organized prior to 2017, there was no reduction in the Management Fee or partnership expenses for fees paid by portfolio companies for the services of the Insight Onsite group in a given fiscal year unless those fees exceeded an aggregate dollar amount for all Insight Funds using Insight Onsite consulting services calculated according to the terms of the Funds' limited partnership agreements. Any such excess was then allocated among such Funds and offset. From January 1, 2018, consistent with its approach with respect to the Funds organized after 2017 or later, Insight has determined that with respect to all of its Funds, the portion of fees paid to Insight Onsite that is allocable to a relevant Fund will reduce the Management Fees or partnership expenses, as applicable, payable by such Fund. Insight Onsite is discussed more fully below in response to Item 8. In connection with the foregoing, to the extent that any offset of the aforementioned fees received by a Fund's general partner, Insight, or their respective affiliates related to a portfolio investment or a proposed but unconsummated investment (less certain unreimbursed expenses) would reduce the applicable Fund's Management Fees for a given period below zero, a credit will be carried forward for future application against payable Management Fees and if a credit remains upon dissolution of a Fund, such Fund's limited partnership agreement may provide that such excess will be allocated to the Investors who elect to receive it or, with respect to older Funds, Insight may be permitted to keep such excess. The Fund limited partnership agreements prior to the 2014 vintage Flagship Fund also permit employees of Insight that have been operating executives in industries in which the Funds invest to receive compensation from portfolio companies for consulting services or other assistance, including acting as an executive officer, without requiring such compensation to be offset against Management Fees. Management Fees will be further reduced by any placement fees paid by a Fund and by other organizational expenses in excess of any cap set in a particular Fund's limited partnership agreement.

## **Carried Interest**

The performance based compensation paid by a Fund (the “Carried Interest”) generally is paid to an affiliate of Insight in its capacity as a general partner of the Fund (“General Partner”) when distributions are made to the Investors and is based on a “Carried Interest Percentage.” For the IPPE Fund, the Carried Interest is paid at the end of the IPPE Fund’s fiscal year. The Carried Interest Percentage and the timing of its distribution may vary from Fund to Fund. The Carried Interest Percentage charged to a Fund is detailed in such Fund’s limited partnership agreement. Most typically, the Carried Interest Percentage of a Fund equals 20% of a Fund’s return on invested capital, but is subject to certain conditions and may be greater or less than 20% (or other specified Carried Interest Percentage for such Fund). For the IPPE Fund, the Carried Interest equals 20% of the amount of net capital appreciation of the IPPE Fund’s investments but is subject to certain conditions and may be greater or less than 20%. In a Coinvestment Fund, different groups of Investors may bear different Carried Interest Percentages. Each Private Equity Fund’s limited partnership agreement typically contains one or more “clawback” provisions providing Investors the opportunity to recoup from the Fund’s General Partner distributions which exceed the Carried Interest Percentage. The mechanics of the clawback may vary from Fund to Fund and are more fully described in each Fund’s limited partnership agreement. In addition, Insight may waive or reduce Carried Interest with respect to certain Investors within a Fund. Insight generally waives the Carried Interest for Investors who are employees or former employees of Insight and waives or reduces Carried Interest for certain Investors, including those who are otherwise related to Insight or its personnel, in the Side-by-Side Funds including when they invest in Coinvestment Funds.

The limited partnership agreements of the Funds currently actively investing generally prohibit Insight from receiving management fees, carried interest or other compensation in connection with providing co-investment opportunities other than through Coinvestment Funds or with the consent of the applicable Fund’s Advisory Committee unless, if permitted under the limited partnership agreement of the Fund, such economic interest is required for tax or other technical reasons and any profit, gains or fees are offset against the relevant Fund’s Management Fees. Insight has established ten co-investment vehicles, some of which may charge a small carried interest for this purpose, and may establish more. Please see the response to Item 10 below for additional information regarding co- investments.

## **Terminating the Investment Management Agreement**

A Fund’s investment management agreement with Insight continues until the dissolution of the Fund, but either the Fund’s General Partner on behalf of the Fund or Insight may in its discretion terminate the agreement as of the last day of any month by giving notice to the other party of its election to do so on or before the first day of the month as of which it is to be terminated. Furthermore, the investment management agreement will terminate automatically without notice if Insight ceases to be an affiliate of the Fund’s General Partner. Management Fees are prorated for partial periods and it is Insight’s policy to rebate the fee on a pro rata basis if the investment management agreement is terminated.

## Other Fees and Expenses

In addition to Management Fees and Carried Interest, Funds pay, and ultimately Investors bear, other types of fees and expenses as specified in the applicable limited partnership agreement. A Fund is typically responsible for the costs and expenses in connection with its operation and investments (other than the costs and expenses that will be the responsibility of Insight, which typically include salaries and benefits of its personnel and the cost of maintaining Insight's place of business). The actual allocation of expenses varies from Fund to Fund as specified in each Fund's limited partnership agreement. Expenses payable, or otherwise borne by the Funds are set forth in detail in each Fund's limited partnership agreement. Expenses born by the Private Equity Funds will typically, to the extent applicable to each Fund, include (but are not limited to):

(1) out-of-pocket expenses incurred in the actual or potential acquisition or disposition of any investment or the restructuring, financing or refinancing of any investment whether or not consummated, including without limitation, accounting fees, due diligence expenses, loan administration expenses, brokerage commissions and fees, sales and underwriting commissions, hedging costs, prime brokerage fees, expenses related to short sales, fees of pricing and valuation services (including appraisal fees), costs and expenses arising from any foreign exchange or other currency transactions, initial and variation margin, spreads and other similar fees, syndication fees, commitment fees, clearing, settlement and bank charges, costs and expenses in respect of derivative contracts, and other investment costs incurred by or on behalf of the Funds, regulatory approvals or filings with respect to investments or potential investments (e.g., Forms 4 and 13D and Hart-Scott-Rodino filings, and reports or notices in connection with portfolio investments pursuant to the AIFMD, if applicable), reverse breakup, termination and other similar fees, transfer taxes, costs related to the registration or qualification for sale of securities and other similar out-of-pocket expenses directly related to specific actual or potential acquisitions, dispositions, restructurings, financings or refinancings, in each case to the extent not paid for by the issuer of such securities, and other investment costs incurred by or on behalf of the Fund;

(2) out-of-pocket expenses incurred in connection with holding the investments of a Fund, including, without limitation, legal, insurance, accounting, custodial and safekeeping, depositary, and auditing expenses, including, without limitation, the expenses of third-party administrators and accountants for non-U.S. transaction structuring entities; and expenses associated with foreclosure, bankruptcy of borrowers and workouts of distressed debt, expenses of serving on credit committees and expenses related to monitoring and enforcement of covenant compliance by borrowers, monitoring the financial condition and other relevant operating data of such borrowers and the tracking of payment obligations and cash payments;

(3) legal, custodial, accounting, auditing, tax advisory, banking, professional, clerical, bookkeeping and appraisal expenses of a Fund including, without limitation, the fees and expenses of fund administrators, auditors, tax advisers and other third-party professionals involved in the preparation and delivery of a Fund's financial statements, tax returns and Schedule K-1s, or capital calls and reports to investors (including any investor reporting platforms), other out of pocket expenses for purposes of tax or regulatory

compliance, including, without limitation with respect to AEOI and similar regimes or FBAR filings and anti-money laundering or “know your customer” laws, rules, regulations or policies, the fees and expenses of third party appraisal and valuation firms, the expenses of maintaining the Partnership’s existence or qualification in any jurisdiction, the expenses of Partnership reporting under the AIFMD, and any expenses in connection with any borrowing of, or guarantee or other credit support provided by, a Fund, including, without limitation, principal, interest, fees and indemnities, and expenses or professional fees incurred in connection with any procedure reports for lenders;

- (4) organizational expenses (subject to applicable caps);
- (5) Management Fees;
- (6) taxes and other governmental charges, fees and duties payable by the Fund and expenses of tax audits;
- (7) reimbursement of the expenses of the Advisory Committee and meetings of the Investors;
- (8) costs and expenses incurred in the formation, operation, liquidation and winding up of any alternative investment vehicle;
- (9) litigation-related expenses (including judgments, damages and settlements), indemnification and/or reimbursement obligations and expenses, and premiums for insurance protecting a Fund, and Insight and its affiliates and personnel, from liabilities in connection with Fund affairs;
- (10) extraordinary expenses under generally accepted accounting principles and indemnification or Insight and others pursuant to the limited partnership agreement; and
- (11) costs and expenses of winding up a Fund and liquidating its assets.

In older Funds, the limited partnership agreements generally permitted travel and related expenses of the professional and other employees of Insight in connection with a Fund to be borne by the Fund, including through reimbursement by portfolio companies, but starting from the 2014 vintage Flagship Fund Insight agreed that it will bear the travel and entertainment expenses of such Insight personnel, subject, in certain circumstances, to reimbursement by portfolio companies, and Insight has adopted the same approach for prior Funds, effective in 2016. The Continuation Fund bore certain expenses unique to the establishment of the Continuation Fund.

With respect specifically to the IPPE Fund, expenses payable, or otherwise borne by the IPPE Fund include but are not limited to, the following: (i) the Management Fee; (ii) expenses related to the research, due diligence, financing, monitoring and disposition of actual and prospective IPPE Fund investments, whether or not such investment is consummated, including, the following: travel expenses in connection with researching potential investment opportunities (including travel, transportation, lodging and meal expenses); third-party investment sourcing fees (including, performance-based fees); fees and expenses related to obtaining research and market data (including, any information technology hardware, software or other technology incorporated into



the cost of obtaining such research and market data, and including fees and expenses related to obtaining, processing and analyzing research or market data that may be considered “big data” or “alternative data”, including fees and expenses related to performing due diligence on potential providers of any of such research or market data services); due diligence expenses including, consulting and appraisal fees; brokerage, prime brokerage and futures commission merchant fees, commissions and expenses (including fees, commissions and expenses of any outsourced trading desk); expenses relating to block trades; expenses relating to short sales; clearing and settlement charges; custodial fees and expenses; bank service fees; interest expenses and fees related to financings or refinancings; fees and expenses of proxy research and voting and class action-related services; (iii) the IPPE Fund’s direct or indirect *pro rata* share of any compensation payable in connection with the management of any of private investment by an unaffiliated third party or management team, which may include both asset-based fees and performance-based fees; (iv) operational expenses, including the following: fees and expenses relating to information technology hardware, software or other technology (including, costs of software licensing, implementation, data management and recovery services and custom development) used to research investments, evaluate and manage risk, facilitate valuations, facilitate accounting functions and/or facilitate compliance with the rules of any self-regulatory organization or applicable law (including, reporting obligations), facilitate and manage the order execution of investments or otherwise manage or monitor investments, such as Bloomberg terminals, portfolio management systems, risk management systems and order management systems; fees and expenses of third-party risk management products, models and services; fees and expenses of any outsourced trading firms; (v) fees and expenses of third-party professionals, including, consultants, valuation service providers, attorneys, accountants and third-party administrative fees and expenses (including any “shadow” administrator) and including, the costs of engaging or appointing a Money Laundering Reporting Officer, a Deputy Money Laundering Reporting Officer and an Anti-Money Laundering Compliance Officer; (vi) the costs of any litigation or investigation involving activities of the IPPE Fund; (vii) taxes and third-party audit and tax preparation expenses; (viii) insurance expenses, including, premiums for cybersecurity insurance and liability insurance; (ix) fees and expenses of the independent members of the Hedge’ Fund’s advisory board; (x) costs of preparing and distributing reports and notices; (xi) expenses incurred in connection with negotiating and complying with provisions of any side letter agreement, and expenses incurred in connection with any transfers or a IPPE Fund Investor’s admission or withdrawal, unless otherwise charged to or borne by the applicable transferee or Investor; (xii) fees and expenses related to compliance with the rules of any self-regulatory organization or applicable law in connection with the activities of the IPPE Fund, including, any governmental, regulatory, licensing, filing or registration fees or taxes (including, fees and expenses incurred in connection with the preparation and filing of Form PF, Section 13 filings, Section 16 filings and other similar regulatory filings); (xiii) expenses incurred in connection with the offering and sale of interests in the IPPE Fund and other similar expenses; (xiv) expenses incurred in connection with any amendments, modifications, revisions or restatements to the constituent documents of the IPPE Fund; (xv) expenses incurred in connection with meetings with investors and prospective investors; (xvi) extraordinary expenses, including, indemnification expenses and fees and expenses incurred in connection with any tax audit by any tax authority, including, any related administrative settlement and judicial review; (xvii) fees and expenses incurred in connection with the organization, reorganization, dissolution, winding-up or termination of the IPPE Fund, and (xviii) other similar expenses of the IPPE Fund.

With respect to certain operating expenses that are common among the Funds, such as insurance premiums or annual meeting expenses, such expenses are allocated by Insight among Funds as provided in the limited partnership agreements of the respective Funds or, if not so provided, on a case-by-case basis pursuant to a method that Insight believes to be fair and equitable to the Funds, such that no Fund is consistently advantaged over any other Fund or disadvantaged over time in relation to any other Fund or Insight. An operating expense or cost incurred on behalf of more than one Fund will generally be allocated pro rata among the Funds on the basis of (i) the amount of each Fund's applicable investment that relates to the cost or expense (ii) the amount of each Fund's current net assets or (iii) the amount of each Fund's capital commitments. If deemed appropriate under the circumstances, costs or expenses incurred by more than one Fund may be allocated in any other manner that Insight determines to be fair and reasonable. Insight or its affiliates will typically pay expenses attributable to one or more Funds and thereafter receive a reimbursement from the applicable Fund or Funds without interest. With respect to investments involving more than one Fund, each Fund is required to bear its proportionate share, based on the relative amounts invested, of transaction expenses except as otherwise provided in the applicable limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by Insight in good faith pro rata among the Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the General Partner determines is reasonable and fair.

From time to time Insight engages third party consultants to assist in special projects, to help source deals in specific sectors or regions and/or to assist with certain prospective or existing portfolio companies. Generally, monthly or retainer fees payable to these consultants are charged to Insight. However, when these consultants work on specific deals and receive transaction-related fees or on projects with respect to specific portfolio companies, including with respect to environmental, social and corporate governance matters, the fees are borne by the applicable Fund or the applicable portfolio company. These third party consultants are not employees of Insight or partners or owners of any of its affiliates, although employees of portfolio companies may act as consultants. The fees paid to these consultants by a Fund or its portfolio companies do not reduce the Management Fees payable by such Fund to Insight.

Funds incur brokerage and other transaction costs. Brokerage is described in more detail below in response to Item 12.

Through the interests in portfolio companies held by a Fund, the Fund (and its Investors) bear the costs of service providers to, and transaction expenses of, such portfolio companies (including the expenses enumerated above that may be paid by portfolio companies and potential portfolio companies) to the extent of the Fund's ownership interest in the company. In some investments, particularly when the Fund is a minority investor, Insight may have little or no control over these costs and expenses. In other investments, particularly when Funds have a controlling interest, Insight may be in a position to suggest or recommend service providers or portfolio companies may retain service providers as a result of their experience in transactions or otherwise through their relationship with Insight. Fees paid to such service providers by portfolio companies and costs of such transactions paid by portfolio companies are borne by the Funds through their interests in the portfolio companies and are not offset against Management Fees.

For information regarding conflicts of interest in the allocation of expenses, the activities of Insight Onsite, the retention of service providers and Insight's business relationships please see the responses to Items 10 and 11 below.

**Allocation of Investment Expenses in Co-investments, including Broken Deal Expenses:**

Under the applicable Fund's limited partnership agreement, a Fund is generally responsible for the costs and expenses incurred in connection with portfolio investments, including the out-of-pocket expenses incurred in the actual or potential acquisition, restructuring or disposition of any investment, whether or not consummated, and the out-of-pocket expenses incurred in connection with holding the investments of the Fund, to the extent not paid for by the applicable portfolio company or potential portfolio company. To the extent paid for by portfolio companies, a Fund (and its Investors) bear the expense indirectly to the extent of the Fund's interest in the portfolio company. With respect to consummated investments, such expenses, when material, are generally capitalized into the cost of the investment. Where a co-investment is made by more than one Fund, each such Fund is required to bear its proportionate share, based on the relative amounts invested, of such transaction and monitoring expenses except as otherwise provided in the applicable Fund's limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by the applicable General Partner in good faith, pro rata, among the participating Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the applicable General Partner determines is reasonable and fair. The intended allocation may not be possible to determine with any certainty given the many variables that go into determining equity contributions in a transaction. Moreover, Insight will look at many more investments as potential investments for a Fund than a Fund will actually make, and, even though expenses may have been incurred by a Fund or by Insight on behalf of a Fund with respect to such potential investments, a decision may subsequently be made not to proceed with the transaction, or circumstances may arise preventing the consummation of the transaction or making it inadvisable, before the stage where any decision about co-investments with other Funds (or with third parties) has been made, in which case the expenses will generally be borne by the Fund for which Insight initially evaluated the transaction.

With respect to third-party co-investors, including Investors through limited partnerships, limited liability companies or similar vehicles or arrangements to accommodate such co-investments, to the extent that transaction and monitoring expenses are paid or reimbursed by the portfolio company in completed transactions, such third-party co-investors will bear their proportionate share of such expenses as a result of their interest in the portfolio company. Such transaction and monitoring expense are not always paid or reimbursed by the portfolio company and sometimes costs and liabilities, such as borrowing or guarantees, may be incurred in Fund investment structures in which only the Funds participate or directly by the Funds and not other investors in the portfolio company. As noted below in the response to Item 10, third party co-investors are not obligated to co-invest and their co-investments are based on arms' length negotiations between Insight and the third-party co-investors. Typically, co-investments by third-party co-investors are limited to the capital invested in the applicable portfolio company and do not bear the expenses associated with developing and consummating the investment opportunity or post-closing monitoring expenses, except to the extent borne or reimbursed by the portfolio company or otherwise specifically agreed with the co-investor. Third-party co-investors often commit to the

transaction late in the process of identifying and negotiating an investment, or after closing in the case of transactions that are syndicated after the initial investment by a Fund. Often third-party co-investors are unable or unwilling to bear the expenses incurred with respect to a transaction that is not, in the end, consummated, and as a result the full amount of any broken deal expenses will be borne by the applicable Funds. Insight has formed ten co-investment vehicles for Investors: (a) a first co-investment vehicle was formed for one Investor to co-invest alongside the 2014 vintage Flagship Fund and the 2017 vintage Flagship Fund in investment opportunities that General Partner in its sole discretion determines to offer to such Investor and that will generally bear its pro rata portion of transaction and monitoring expenses of investments in which it participates, but not the expenses of any proposed co-investment that is not consummated; (b) second and third co-investment vehicles were formed for a different Investor to co-invest in certain control transactions (x) with respect to the first co-investment vehicle, alongside the 2017 vintage Flagship Fund in a specified amount, not to exceed the Investor's aggregate commitment to this co-investment vehicle, where a co-investment opportunity with respect to such transactions is made available to Investors, and (y) with respect to the second co-investment vehicle, alongside the 2017 vintage Flagship Fund, the 2019 vintage Flagship Fund and potentially any future fund up to a specific amount, not to exceed the Investor's aggregate commitment to this third co-investment vehicle, where the General Partner in its sole discretion determines to offer a co-investment opportunity to the co-investment vehicle, (c) a fourth co-investment vehicle was formed for a group of affiliated Investors to co-invest in certain transactions alongside the 2019 vintage Flagship Fund (d) fifth and sixth co-investment vehicles formed for two related Investors to co-invest in certain transactions (x) alongside the 2019 vintage Flagship Fund, and (y) alongside the Opportunities Fund, respectively, and (e) seventh, eighth, ninth, and tenth co-investment vehicles formed for different unaffiliated Investors to invest in certain transactions alongside the Opportunities Fund ((b) through (e) collectively, the "Current Fund Co-Invest Vehicles"). Current Fund Co-Invest Vehicles will generally bear their pro rata portion of transaction and monitoring expenses of investments in which they participate, including their pro rata share of the expenses of any proposed co-investment that is not consummated. Please see the response to Item 10 below for additional information regarding third-party co-investors.

Investors should carefully consult the limited partnership agreement of the relevant Fund to determine the expenses borne by and the offsets to Management Fees and other expenses for the particular Fund.

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

Insight accepts performance-based fees, as further described above in response to Item 5. Insight manages certain client accounts that are not charged a performance fee. Separately, Coinvestment Funds may charge lower Carried Interest and Management Fees than the Funds with which they co-invest and in the 2015 vintage Coinvestment Fund, which participates only in control-type transactions, the General Partner has discretion in determining what falls within the category of a control transaction. The Continuation Fund charges lower Carried Interest (and does not charge Management Fees) than the Funds from which the Continuation Fund acquired its portfolio investments. The Follow-On Fund may charge lower Carried Interest (and does not charge Management Fees) than the Fund whose portfolio investments are those in which the Follow-On Fund may make follow-on investments. The existence of the Carried Interest may create an incentive for a General Partner to allocate attractive investments to a Fund that charges a higher

level of Carried Interest than another Fund. Carried Interest may also create an incentive for a General Partner to make more speculative investments on behalf of a Fund that it would otherwise make in the absence of such performance-based compensation. The allocation methodology between Funds and their Coinvestment Funds can generally be changed with the consents of the Advisory Committees of the relevant Funds. Insight has established procedures to address potential conflicts in the allocation of investments among Funds and between a Fund and its Coinvestment Fund and to comply with the requirements of the applicable Fund limited partnership agreements.

## **Item 7     Types of Clients**

Insight generally limits its clients to Funds. The Private Equity Funds, are pooled investment vehicles with a limited term of years. The IPPE fund is a pooled investment vehicle with an indefinite term. The Funds are not required to be registered with the SEC under the Investment Company Act of 1940, as amended (the “Investment Company Act”) in reliance on exceptions from the definition of an investment company under that Act, and the offering of interests in the Funds is exempt from registration under the Securities Act of 1933. Each Fund consists of a limited number of limited partnerships, which may be organized within or outside the United States and that generally will invest (directly or indirectly) side-by-side in all portfolio investments on the basis of available capital. Insight also advises Coinvestment Funds, which are formed to co-invest alongside a Fund (or a Fund and its successor Fund) in certain instances whether for investments of a certain size or for certain types of investments, depending on the Fund in accordance with the limited partnership agreements of such Fund and the Coinvestment Fund, in which the amount of financing required for a particular transaction exceeds the size of the investment deemed appropriate for the Fund by its General Partner or a threshold and/or percentage agreed in the applicable limited partnership agreement, as well as the Continuation Fund, the Follow-On Fund, the Opportunities Fund, and the IPPE Fund. Interests in the Flagship Funds, the Coinvestment Funds, the Continuation Fund the Opportunities Fund, and the IPPE Fund are subject to restrictions on transferability and resale. Where the context requires, we may refer to any of the limited partnerships in a Fund and any Flagship Fund, Coinvestment Fund, the Continuation Fund, the Opportunities Fund, or the IPPE Fund as a Fund.

Most of the capital invested in the Funds is attributable to U.S. and non-U.S. institutional Investors, including public and private pension plans, funds of funds, sovereign wealth funds, insurance companies, family offices, endowments and charitable foundations. Insight and its personnel who are “qualified purchasers” or “knowledgeable employees” for purposes of the Investment Company Act invest in the Funds (and indirectly in the Funds’ portfolio companies) through dedicated feeders into the Funds (or in older Funds through partnerships formed to invest in parallel with a specific Fund). In addition, Funds (other than Coinvestment Funds and the IPPE Fund) generally include a partnership primarily for Investors who are Insight employees not eligible to invest in the other partnerships in a Fund, family members of Insight principals and employees, service providers to Insight and the Funds, including partners of counsel to Insight, current and former portfolio company executives and other individuals who have a business or personal relationship with Insight and/or its personnel (each, a “Side-by-Side Fund”). The Side-by-Side Funds participate pro rata in investments alongside the Funds with respect to which they were formed.

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

### **Investment Program**

Insight primarily focuses on investments in growth-stage software, software-enabled services and Internet businesses. Insight believes that growth-stage companies are companies that have significant opportunities to expand, either organically or through acquisition, and have potential for growth in either revenue, operating profits or frequently, both. Insight seeks to operate as management's primary financial/strategic partner and is a flexible source of capital for these companies. Insight has the ability to execute both minority and majority investments. Insight invests in companies that apply technology to solve business and consumer problems, typically through software. Insight also makes investments in companies in sectors outside of its primary focus for which the Internet is an important part of the business model.

Certain Funds managed by Insight have additional investment flexibility as described in the limited partnership agreement for the particular Fund. The IPPE Fund may, but is not limited to, invest in software, software-enabled services and Internet companies. The Opportunities Fund makes investments in structured equity positions and/or secured or unsecured credit in software, software-enabled services and Internet companies

Funds may co-invest with third parties through partnerships, joint ventures, or other entities. For the Flagship Funds, Insight makes selective use of third party debt to finance investments in profitable companies with predictable, recurring revenues. Insight may invest in companies both within and outside of the U.S. Private Equity Fund investments are typically in securities that are not publicly traded, that are subject to legal or other restrictions on transfer and that are highly illiquid. Although these investments may occasionally generate some current income or may pay an extraordinary dividend through dividend recapitalization, the return of capital and the realization of gain, if any, from an investment will occur generally only upon the partial or complete disposition of such investment. Investments may require a substantial amount of time to liquidate.

Insight's deal origination team identifies and maintains contact with thousands of potential portfolio companies to identify companies that meet a Fund's investment criteria. Complementing this effort, Insight has over time developed extensive relationships with entrepreneurs, other venture capital and private equity firms, and investment banks, which collectively generate a significant amount of deal flow. In addition, due diligence is an integral part of Insight's investment process, and provides a foundation for Insight's engagement with portfolio companies post-investment. The due diligence process helps to identify critical transactional issues, assess a potential portfolio company's strengths, weaknesses, and opportunities, and develop a view on its value and a Fund's prospective return. The Insight Onsite team plays a significant role in the diligence process – both to support Insight's investment decision and as a prelude to working with portfolio companies on their critical challenges post-investment.

All Private Equity Fund transactions are coordinated by a dedicated deal team, generally led by at least one of Insight's Managing Directors. A typical deal team is composed of five to six professionals. The professionals are a Managing Director, and a Principal or Vice President, two Investment Associates or Analysts and one to two Insight Onsite professionals. The team engages

on all aspects of the deal including meeting with management, managing external resources, conducting data analytics and model building, reading secondary research and performing primary research. The deal team reports to Insight's "Investment Committee," which is comprised of Jeffrey Horing (the Chair of the Investment Committee), Deven Parekh, Jeffrey Lieberman, Michael Triplett, Ryan Hinkle, Richard Wells and Ian Sandler. The Investment Committee, after consultation with other Insight Managing Directors, senior members of the deal team, Insight's General Counsel and Insight's Chief Financial Officer, is primarily responsible for making investment decisions for the Private Equity Funds including monitoring and approving key investment activities of the Private Equity Funds. In addition, approval from a Funding Committee that is comprised of Jeffrey Horing, Deven Parekh, Ian Sandler and Blair Flicker, each of whom is an Insight Managing Director, is required for each investment in and divestiture or sale of a portfolio company. The Funding Committee provides an additional internal control with respect to the execution and funding of each investment.

With respect to the IPPE Fund, John Wolff is the Chief Investment Officer for Insight's public equities investment strategy and will be the Portfolio Manager of the IPPE Fund ("IPPE Portfolio Manager") responsible for making and implementing investment decisions including the research, due diligence, and review of prospective investments for suitability with the IPPE Fund's investment program. The IPPE Fund will employ an investment strategy that seeks to significantly outperform the market and deliver above-average absolute returns on investor capital, measured net of all fees over a prolonged period of time (at least three to five years). The IPPE Fund's strategy is to hold a concentrated portfolio of publicly traded or late state pre-IPO securities, of which the top eight to twelve positions are expected to make up a substantial majority of investable assets. The attractiveness of these investments is expected to be determined using a bottom-up approach, underpinned by deep fundamental research. The underwriting process for a new investment is lengthy and focuses intently on a prospective investment's product offering and roadmap, as well as proprietary future free cash flow analysis. The IPPE Fund is expected to make investments in companies that Insight believes have a superior product and whose free cash flow profile may be misunderstood by the market, which Insight believes is the key indicator for future stock price performance. Methods of analysis employed by Insight include, but are not limited to: evaluation of company earnings releases and SEC-filed documentation, creation and upkeep of proprietary financial models, detailed and extensive product tests, including the purchase or trial of certain aspects of a company's product suite, conversations and meetings with current and former company employees, including C-suite executives, members of the strategy and research and development team, and investor relations, conversations with current and former customers of the company and their competitors, and conversations with other investors, sell-side analysts, and industry executives. Insight or its affiliates may in the future form additional Funds with primary objectives and policies that are not substantially the same as those of the existing Funds.

## **Insight Onsite**

As part of its investment strategy, Insight operates "Insight Onsite," an in-house operational value-add practice that provides services to the Funds' portfolio companies. Insight devotes significant internal resources to improving the strategy and execution of the portfolio companies. The Insight Onsite team is comprised of approximately 65<sup>1</sup> professionals with expertise in strategy consulting,

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<sup>1</sup> As of January 1, 2021.

technology and operations. The Insight Onsite group is structured similarly to a software company through distinct areas of expertise, “Centers of Excellence”, which are comprised of individuals with industry experience and expertise in the following areas: talent, (HR), product and technology (R&D), marketing, sales, business development, customer success and strategy and M&A. The Insight Onsite team typically is involved with Insight’s decision to invest in a particular portfolio company. For example, the Insight Onsite team plays a significant role in the diligence process.

Insight Onsite often charges portfolio companies fees for its consulting services, although it may provide consulting services without charging a fee to portfolio companies that are unable to pay for Insight Onsite’s services or for other reasons. Insight Onsite waives its fees in such cases because Insight believes that Insight Onsite can add significant value to those portfolio companies and thus to the investing Funds. The amounts of the fees charged to portfolio companies are determined by Insight and not through arms’ length negotiations. Insight uses fees paid by portfolio companies for the services provided by Insight Onsite to recover the costs of compensation and operating expenses for Insight Onsite with respect to work associated with such portfolio companies. Historically, the fees charged by Insight Onsite to portfolio companies in each fiscal year were subject to an aggregate cap for all of the Funds using Insight Onsite services (the “Onsite Fee Cap”) that was adjusted each year in accordance with the Consumer Price Index for All Urban Consumers, New York-Northern New Jersey. Where portfolio companies of all such Funds in the aggregate paid fees in excess of the Onsite Fee Cap, the excess would have reduced the Management Fees or, in some instances when Management Fees were not paid, partnership expenses paid by the applicable Funds. From January 1, 2018, consistent with its approach with respect to the 2017 and 2019 vintage Flagship Funds, Insight has determined that with respect to all of its Funds, the portion of fees paid to Insight Onsite that is allocable to a relevant Fund will reduce the Management Fees or partnership expenses, as applicable, payable by such Fund. The services of Insight Onsite are not expected to be relevant for the IPPE Fund or its portfolio companies.

Insight Onsite has established joint procurement programs for portfolio companies, which it may in future expand. By pooling the buying power of multiple companies, joint procurement programs permit the companies to obtain volume discounts. Insight does not currently expect to charge any service fees for organizing joint procurement arrangements, although vendors may charge fees for their programs, which will be passed along to the participating portfolio companies.

Insight Onsite also plans and organizes Insight Innovation Summits, which are intended to give portfolio companies that participate the opportunity to meet and present to potential customers, represented by the Chief Information Officers and other executives of such potential customers. Summits have been held at venues such as the Kentucky Derby, Monaco and Citi Field (in New York City). Portfolio companies will have the opportunity to participate along with Insight as sponsors of the event for which they will commit to fund a portion of the costs at a rate of from \$25,000 to \$100,000 depending on the number of summits they participate in. Insight expects that the portfolio company contributions will not cover the cost of the summits and has committed to contribute additional amounts to defray the expenses. Insight has hired a third-party consultant to, among other responsibilities related to sales pipelines, organize the summits. The consultant will be paid by Insight. The Insight Innovation Summits are not intended to provide consulting services, but to organize opportunities for portfolio companies of the Funds to develop new



customer contacts. No fees will be paid by portfolio companies to Insight in connection with the Insight Innovation Summits.

## **Material Risks of Investment Strategy**

### **General Investment Risks**

Investing in securities involves risk of loss that clients should be prepared to bear. All investments made by Insight on behalf of the Funds risk the loss of capital. No guarantee or representation can be made that a Fund will achieve its investment objective or avoid substantial losses, including the potential to lose all invested capital. There can be no assurance that Insight will be able to choose, make and realize investments on behalf of a Fund in any particular company or portfolio of companies or that a Fund will be able to generate positive returns or that any positive returns will be commensurate with the risks of investing in the type of companies and transactions described above.

### **Investment Strategy Risks**

*General Business and Market Risk:* Investments in portfolio companies subject the Funds to the general risks associated with the underlying businesses, including but not limited to market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. Since the financial crisis of 2007-2008, global markets have been subject to a number of sources of volatility, including declines in the prices of oil and other commodities, concerns about the direction of the Chinese economy, potential instability in the European Union (“EU”), and an unprecedented period of low interest rates. There are other sources of volatility that may continue to impact markets that affect a Fund’s business. General fluctuations in the market prices of securities and interest rates may adversely affect the value of the investments held by a Fund. Volatility and instability in the securities markets may also increase the risks inherent in a Fund’s investments. The Funds and their portfolio companies have used and are expected to continue to use debt to finance acquisitions, and add-on acquisitions are an important component of Insight’s strategy. The ability to refinance the debt of portfolio companies may depend on their ability to obtain financing, including by selling new securities in the high yield debt or bank financing markets. While it is difficult to predict with certainty the impact of a rise in interest rates by central bankers, a Fund’s ability to generate attractive investment returns for its Investors may be adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. To the extent a Fund is able to secure financing for investments, increases in interest rates or in the risk spread demanded by financing sources would make the partial financing of investments with indebtedness more expensive and could limit a Fund’s ability to structure and consummate its investments. Moreover, a renewed downturn in the U.S. or global economy (or any particular segment thereof), including a weakening of demand for software and related services, or weakening of credit markets could adversely affect a Fund’s profitability, impede the ability of a Fund’s portfolio companies to perform under or refinance their existing obligations, and impair a Fund’s ability to effectively exit investments on favorable terms, including the availability of financing to potential purchasers of its investments. While the risk of substantial or total loss to a Fund exists with respect to all of a Fund’s investments, the occurrence of the foregoing events could make losses more likely.

*Risks of Growth Equity Investing:* While growth equity investments offer the opportunity for significant gains, such investments also involve a high degree of business and financial risk and can result in substantial or total losses. Among these risks are the general risks associated with investing in companies at an early or growth-stage of development or with little or no operating history, companies with substantial variations in operating results from period to period, companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position and companies dependent on new or developing technology. A portfolio company's ability to succeed will be dependent not only upon its ability to develop the right products for the right market, but to constantly evolve its business to be sure that its products keep pace with changing technologies and markets. Such a portfolio company will need to implement appropriate sales and marketing, finance, personnel and other operational strategies in order to continue to grow its business. Furthermore, companies at an early or growth-stage of development may face intense competition, including competition from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. A Fund will make investments in portfolio companies which may rely upon rapidly changing technologies. Therefore, technological obsolescence and other technology risks may adversely impact the performance of these portfolio companies. In all such cases, a Fund will be subject to the risks associated with the underlying businesses engaged in by portfolio companies and of their customers.

*Hedging Transactions:* A Fund may, but is not required to, engage in currency or interest rate hedging or other hedging strategies to manage risk and return trade-offs. While these transactions may reduce certain risks, the transactions themselves entail certain other risks, including counterparty credit risk. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of those positions decline, but instead establishes other positions designed to gain from those same developments, thus offsetting the decline in the portfolio positions value. These types of hedging transactions also limit the opportunity for gain if the value of the portfolio position increases. Moreover, it may not be possible to hedge against currency exchange rate, interest rate or public security price fluctuations at a price sufficient to provide protection from the decline in the value of the portfolio position.

*Investments in Private Companies:* The Funds are expected to invest in privately held companies. These companies will sometimes be smaller in scale and less capitalized than larger, public companies, and therefore particularly susceptible to economic downturns. The availability of information about private companies may be limited, and to the extent it is available, it may be unreliable. These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. There may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality. These companies are also more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations. For these reasons, investments in private companies involve a high degree of risk and uncertainty, and therefore may cause the Fund to incur losses.

*Investments in Public Securities:* A Fund's investment portfolio may (and in the case of the IPPE Fund, is expected to) contain securities or instruments issued by publicly held companies as permitted under such Fund's partnership agreement. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation, and insider trading allegations against such companies' board members, including, cases in which the Fund has a board representative. It is anticipated that there may be increased costs associated with each of the aforementioned risks.

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

*Technology and Software Sector Risk:* A Fund's portfolio companies will be concentrated in software, software-enabled services and Internet companies. While this industry has grown rapidly as both business and consumers increasingly rely on software and the Internet to operate their businesses or go about their lives, an industry-focused fund may involve risks greater than those of more diversified investments. Adverse economic conditions in the United States and other countries could have a material adverse effect on consumer and business spending in the information technology sector, which could limit or cause a substantial reduction in the revenues, profitability and/or continued viability of the portfolio companies in which a Fund invests. The information technology sector (including software, software-enabled services and Internet companies) could be adversely affected by overall economic conditions, short product cycles, rapid obsolescence of products, competition, and government regulation. Further, the success of a Fund's portfolio companies may depend on the development and marketing of new technologies that at any time may be rendered unattractive or obsolete by technological advances, new social trends and/or communication methods as seen in the emergence of social networking tools and platforms. A Fund's portfolio is expected to include companies that serve niches in the software businesses – current portfolio companies include, for example, businesses that specialize in providing products to assist financial institutions with compliance or that provide software solutions for supply chain management. Changes in those industries may impact, positively or negatively, the attractiveness of the portfolio company's products. There can be no assurance that any portfolio company will continue or improve its historical or expected levels and direction of growth, revenues or profitability even if general economic conditions in the United States and/or other countries improves or if economic conditions in the information technology sector improve. Further, there is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Moreover, competition can result in significant downward pressure on pricing. A Fund may include Internet companies that provide goods or services that compete either directly or indirectly (e.g. through the "sharing" economy) with existing non-Internet based providers which, in some cases, are subject to regulations that the Internet companies are not. In some instances in the industry, laws or regulations have been adopted in jurisdictions where Internet based companies operate that impose regulations on the companies that may pose material challenges to the company's business model. There can be no

assurance that laws or regulations will not be passed that will have an adverse effect on a Fund's portfolio companies.

*Reliance on the Internet; Cyber Security Risk:* It is expected that a Fund's portfolio companies will provide products and services that are dependent on the Internet. Many of these companies will both market and provide their services by means of the Internet. Recent notable hacking actually has included an attack on Dyn, an Internet infrastructure company. Disruptions to the Internet could have an adverse effect on the business of a portfolio company if customers are unable to access the company's website or services. In addition to disruptions to the Internet, the information and technology systems that portfolio companies and Insight use or rely on may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, portfolio companies may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data of the portfolio companies or Insight, including personal or proprietary information, and, with respect to Insight, information regarding Investors. Such a failure could harm such entity's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

Changes in laws and regulations related to the Internet or changes in the infrastructure of the Internet itself could also affect a Fund's portfolio companies. U.S. federal, U.S. state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting the use of the Internet as a commercial medium. Such regulation may adversely impact portfolio companies' businesses and business models. Also, domestic and foreign government agencies and private organizations may begin to impose taxes, fees or other charges for accessing the Internet or for the commerce conducted and services provided via the Internet.

The portfolio companies and/or their customers and Insight are, or may become, subject to U.S. and non-U.S. consumer identity and data protection laws. Laws or regulations in one country may be inconsistent with, or contrary to, those of another country. Foreign data privacy regulations, such as the European Union's General Data Protection Directive (Directive 95/46/EC Regulation ("GDPR")), and the country-specific regulations that implement the GDPR, govern the processing of personally identifiable data and may be stricter than U.S. laws. New laws, regulations or industry standards may be adopted. The failure of portfolio companies and their customers to comply with such laws and regulations could negatively impact a Fund and/or the portfolio companies. Costs for cyber- security breaches, may include, among other things, increased protection costs, reputational damage and loss of market share, liability for stolen assets or information and repairing system damage that may have been caused. Remediation costs may also include incentives offered to portfolio company customers or other business partners in an effort to maintain the business relationships after a security breach.

*Investments in Companies with Exposure to Virtual Currencies, Blockchain or Distributed Ledger Technology:* A Fund may invest in portfolio companies that have exposure to virtual currencies, blockchain or distributed ledger technology (collectively, "Digital Assets"). Digital Assets are new technological innovations with a limited history and involve a high degree of business and financial risk that can result in substantial or total loss of investment. Digital Assets face a number of market, operational, legal and regulatory risks distinct from other types of assets in which a Fund invests.

Portfolio companies with exposure to Digital Assets such as virtual currencies, face a number of market and operational risks, including volatile prices, disparate prices across different virtual exchanges, risk of an illiquid market, valuation risk, custody risk, risk associated with "mining" or verifying virtual currency transactions, risk of not converting virtual currencies into fiat currencies, and risk that a virtual currency exchange fails or closes due to a security breach, a distributed denial of service attack, fraud or other failure. Virtual currencies may be particularly vulnerable to virtual currency network attacks, hacking or breaches.

Virtual currencies also present a number of legal and regulatory risks as U.S. federal, U.S. state or foreign government bodies or agencies maintain different classifications for virtual currencies with their respective jurisdictions. For example, in the U.S., the SEC has found that certain virtual tokens offered in an initial coin offering are securities that require the offering to be registered or exempt from registration, the CFTC treats bitcoin and other virtual currencies as commodities, the Financial Crimes Enforcement Network requires administrators or exchanges to register as a registered money services business, and while the IRS treats virtual currencies as property for U.S. federal income tax purposes, tax treatment issues remain with respect to valuation timing of certain calculations and the applicability of Foreign Bank Account Reporting laws, among others. Furthermore, the global regulatory framework governing virtual currencies varies from country-to-country and continues to evolve. Some countries have taken an accommodating approach to the regulation of virtual currencies while others have banned their use.

Accordingly, the promulgation of any U.S. or international laws or rules, an adverse change in applicable legal or regulatory requirements, or an adverse review by an applicable judicial authority of any such law or regulation, could have a material adverse effect on the price of certain Digital Assets and on the operations and/or financial performance of portfolio companies with exposure to virtual currencies.

Portfolio companies with exposure to Digital Assets, such as blockchain and distributed ledger technology companies, may face a number of market and operational risks, including the risk of rapid technological change, introduction of competing blockchain products or applications, risk of hacking or other cyber-security breaches, and failure to implement or adopt such technology. Furthermore, blockchain technology presents a number of legal and regulatory risks as national or international regulation is rapidly changing and developing as the technology evolves. Although the prevalence and scope of applications of blockchain and similar distributed ledger technologies is growing, the technology is also nascent and may be vulnerable to certain risks such as those detailed above. Such risks could have a material adverse effect of the price of certain Digital Assets and on the operations and/or financial performance of portfolio companies with exposure to blockchain or distributed ledger technology.

*Governmental Export and Import Controls:* Companies may be subject to U.S. and other jurisdictions' export controls for software and for incorporating encryption technology into any customer service platforms enabled through mobile applications. Such products incorporating encryption technology may only be exported with the required export authorizations, including by license, a license exception or other appropriate government authorizations, for example the filing of an encryption registration. Also, various countries regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit the ability of companies to offer or distribute their products. Further, U.S. and other jurisdictions' export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by economic sanctions. Such governmental export and import controls could negatively impact Insight and a Fund by impairing the abilities of portfolio companies to compete in international markets or subject them to liability for violations, including possible civil and criminal penalties and repercussions.

*Reliance on Portfolio Company Management:* 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. While in all cases a Fund's General Partner will monitor portfolio company management, management of each portfolio company will have day-to-day responsibility of such portfolio company.

*Illiquid Investments:* The Funds invest in assets that are subject to legal or other restrictions on transfer and which are illiquid. A Fund may not be able to sell the assets when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

*Portfolio Company Leverage:* A Fund may make investments, either through leveraged buyouts or otherwise, in portfolio companies that have a leveraged capital structure. To the extent that any investment is made in a portfolio company with a leveraged capital structure, such investment may be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a downturn in the economy or deterioration in the condition of such company or its industry. The use of leverage by a portfolio company may also impose restrictive financial and operating covenants that may impair its ability to operate its business as desired and/or finance future operations and capital needs. In the event that such a company is unable to generate sufficient cash flow to timely meet principal and interest payments on its indebtedness, the value of a Fund's investment in such portfolio company could be significantly reduced or even eliminated. Additionally, lenders would typically have a claim that has priority over any claim by a Fund to such assets in an insolvency event or proceeding. In certain situations, more than one investment purchased by a Fund with the use of leverage may be held with the same bank, custodian or dealer. With respect to the portfolio companies of a Fund, multiple leveraged investments may be linked and used to "cross-collateralize" the borrowings. In the event that such investments are "cross-collateralized", such Fund could experience concurrent liquidation on multiple investments to satisfy its borrowing obligations, and an adverse event or condition at or with respect to one portfolio company could negatively affect and/or cause a loss of a different investment that would not otherwise be subject to such adverse event or condition. To the extent the entities or parties entering into a joint or cross-collateralized borrowing arrangement are portfolio companies or entities holding investments (and not the Fund itself), such borrowings will not be subject to the limits on borrowings by such Fund that are set forth in the Fund's partnership agreement. The use

of leverage will result in costs to a Fund that may not be covered by distributions made to a Fund or appreciation of its investments.

In the event that a Fund uses a borrowing facility that is collateralized by certain or all of such Fund's investments, each of the Fund's Investors, including those that have no interest in certain investments (due to exercise of excuse or exclusion rights, for example), would nevertheless be exposed to risks associated with the Fund's interest in such investments. For example, in the event that the value of such investment were to meaningfully deteriorate, there could be a margin call on the Fund's facility, in response to the decrease in the collateral value. A decline in the value of such investment could also result in increased costs of borrowing for the Fund as a whole. Investors may also have an interest in certain portfolio companies that is disproportionate to their exposure to leverage through cross-collateralization on other portfolio companies. For example, if an Investor is excused or excluded from an investment in a portfolio company, through cross-collateralization, they may nevertheless be indirectly exposed to risks associated with leverage on portfolio companies in which they are not invested and distributions from unrelated portfolio companies may be used to satisfy obligations with respect to such portfolio company, in which case Investors without exposure to such investment may receive such proceeds later than they otherwise would have, in a reduced amount, or not at all.

*Currency and Exchange Rate Risks:* A portion of a Fund's portfolio investments, and the income received by such Fund with respect to such portfolio investments, may be denominated in currencies other than U.S. dollars. However, the books of a Fund will be maintained, and contributions to and distributions from the Fund generally will be made, in U.S. dollars. A Fund may be affected favorably or unfavorably by exchange control regulations or changes in the exchange rate between foreign currencies and the U.S. dollar. Changes in foreign currency exchange rates may also affect the dollar value of portfolio investments, the value of dividends and interest earned, and the level of gains and losses realized on the sale of investments. In addition, a Fund will incur costs and execution risk when converting portfolio investment proceeds from one currency to another. The rates of exchange between the U.S. dollar and other currencies are affected by many factors, including forces of supply and demand in the foreign exchange markets. These rates are also affected by the international balance of payments and other economic and financial conditions, government intervention, speculation and other factors. From time to time, the General Partner of a Fund may enter into hedging transactions designed to reduce such currency risks, but it does not expect to eliminate the Fund's exposure to exchange rate fluctuations.

*Interest Rate Risks:* To seek to reduce the interest rate risk inherent in a Fund's underlying investments and capital structure, a Fund may enter into interest rate transactions, including but not limited to interest rate swaps and caps. For instance, interest rate swaps involve the exchange by a Fund with a counterparty of fixed-rate payments for floating rate payments; the payment obligations would be based on the notional amount of the swap. In an interest rate cap, a Fund would pay a premium to the counterparty to the interest rate cap and, to the extent that a specified variable rate index exceeds a predetermined fixed rate, would receive from the counterparty payments of the difference based on the notional amount of such cap. Depending on the state of interest rates in general, a Fund's use of interest rate transactions could enhance or harm the overall performance of the Fund.

*LIBOR Reform.* To the extent that leverage obtained on behalf of portfolio companies bears interest based on the London interbank offered rate (“LIBOR”), a Fund will be subject to certain risks. LIBOR (and other benchmarks such as EURIBOR) are the subject of recent national, international and regulatory guidance and proposals for reform. In July 2017, the UK Financial Conduct Authority of the U.K. (the “FCA”) announced the FCA’s intention to cease sustaining LIBOR after 2021. The U.S. Federal Reserve System, Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation have issued guidance encouraging market participants to adopt alternatives to LIBOR in new contracts as soon as practicable and no later than December 31, 2021, and the FCA has indicated that market participants should not rely on LIBOR being available after 2021. At this time no consensus exists as to what rate or rates will become accepted alternatives to LIBOR although the U.S. Federal Reserve, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, has identified the Secured Overnight Financing Rate (“SOFR”), a new index calculated by short-term repurchase agreements, backed by Treasury securities, as its preferred alternative rate for LIBOR. At this time, it is not possible to predict how markets will respond to SOFR or other alternative reference rates as the transition away from LIBOR is anticipated in coming years. There is currently no definitive information regarding the future utilization of LIBOR or of any particular replacement rate. In addition, any benchmark may perform differently during any phase-out period than in the past. As such, the potential effect of any such event on financing costs for portfolio companies cannot yet be determined, and any changes to benchmark interest rates could increase their financing costs, which could impact returns to a Fund and the market value of our investments. In addition, portfolio companies may need to renegotiate certain of their loan agreements that extend past December 31, 2021, or June 30, 2023, depending on the applicable LIBOR tenor and pending the outcome of the LIBOR administrator’s consultation. Any such amendments and refinancings could result in additional expenses for portfolio companies and may subject them to disputes or litigation over the appropriateness or comparability to the relevant benchmark of the replacement reference rates. In addition, the overall financial markets may be disrupted as a result of the phase-out or replacement of LIBOR. Insight cannot reasonably estimate the impact of replacement LIBOR rates at this time.

*Risks in Effecting Operating Improvements:* The success of a Fund will depend, in part, on the ability of the Fund or the management of a portfolio company to implement improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such improvements. In addition, the primary focus of the investment strategies of the Opportunities Fund and the IPPE Fund, unlike the Flagship Funds is not investing in controlled investments and therefore the Opportunities Fund and the IPPE Fund will not have the same degree of influence to be able to implement operational improvements, though the Opportunities Fund does intend to take an active role with respect to portfolio management where possible. As a consequence, the Opportunities Fund and the IPPE Fund are not expected to have the same ability to add value to portfolio companies and for this reason, there is a risk that the targeted returns for those Funds may be difficult to achieve.

*Operating Partners:* Insight’s in-house consulting practice, Insight Onsite, seeks to enable Insight to add value to a portfolio company in a similar way to a strategic investor and operational expertise is an important part of this strategy. Insight has recently significantly enhanced its Insight



Onsite business development practice. Part of that enhancement was for Insight to hire several former operational executives as part of the Insight Onsite team and Insight expects to continue to hire such executives. These executives hold the title of Operating Partner at Insight Onsite. These Operating Partners are generally employees of Insight. They are compensated by Insight, which may charge fees to portfolio companies for their services through an Insight Onsite engagement (the treatment of Insight Onsite fees is described under “Insight Onsite” in Item 8 above). While Insight believes that its Operating Partners provide value to portfolio companies, there can be no assurance that they will be able to accomplish the operational improvements that Insight intends.

*Uncertainty of Financial Projections:* The Funds generally use financial projections to help analyze potential investments and may use such projections to help analyze future capital raises and financing for portfolio companies or other transactions. Projected operating results will often be based on management judgments. In all cases, projections are only estimates of future results that are based upon assumptions made at the time that the projections are developed. There can be no assurance that the projected results will be obtained, and actual results may vary significantly from the projections. General economic conditions, which are not predictable, can have a material adverse effect on the reliability of such financial projections.

*Control Positions and Non-Controlling Interests:* A Fund may assume control positions in certain of its portfolio companies. The exercise of control over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise management, violation of governmental regulations and other types of liability in which the limited liability generally characteristic of business operations may be ignored. A Fund may make minority or other equity investments in portfolio companies where there is the possibility that the portfolio companies may be controlled by persons who have economic or business interests or goals that are inconsistent with those of a Fund or may be in a position to take action contrary to a Fund’s business interests. Where a Fund holds a non-controlling interest in a portfolio company, it may have a limited ability to limit or otherwise protect its position in such company.

*Competitive Market:* The market for investment opportunities similar to those that the Funds are focused on is competitive and involves a high degree of uncertainty. There can be no assurance that Insight’s management will succeed in consistently identifying and securing investments on attractive terms. Furthermore, an ever-increasing number of funds with similar investment objectives as the Funds have been formed (and many existing funds with similar investment objectives as the Funds have grown in size) to invest in the software, software-enabled services and the Internet industries. Additional funds with similar investment objectives and/or sourcing methodologies may be formed in the future by other unrelated parties. As a result, there can be no assurance that a Fund will be able to participate and make portfolio investments that satisfy the Fund’s return objectives or realize Insight’s view of their potential values or that the Fund will be able to become fully invested for a significant period of time, if at all. There can be no assurance that such opportunities will continue to be available or that a Fund will be able to make any such investments.

*Intellectual Property Risks:* Many portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights, including source code. There can be no assurance that a Fund or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that

competitors will not develop technologies substantially equivalent or superior to a company's technologies. Unauthorized access or theft of source code and other proprietary information may make a portfolio company or its products and services more vulnerable to malicious attack. While piracy adversely affects portfolio company revenue, the impact on revenue from outside the U.S. is significant, particularly in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent respect for patent rights. Reductions in the legal protection for software intellectual property rights could adversely affect portfolio companies.

*Third-party Infringement Claims:* A Fund's portfolio company may, from time to time, receive notices from others claiming such portfolio company has infringed their intellectual property rights. The number of these claims may grow because of constant technological change in the software industry, increased user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies may use "open source" software in their products, or may use such software in the future. Such open source software is licensed by its copyright holders under licenses, that in some cases may require disclosure of the company's code to third parties. Copyright owners or third parties may allege that a portfolio company has not complied with the conditions of one or more of these licenses. To resolve these and other intellectual property infringement claims, a Fund and/or portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers. These outcomes may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs can seek injunctive relief that may limit or prevent importing, marketing and selling products that have infringing technologies. In some countries, such as Germany, an injunction can be issued before the parties have fully litigated the validity of the underlying patents.

*Third Party Co-Investments:* A Fund may co-invest with third parties through partnerships, joint ventures, or other entities. Such investments may involve risks not present in investments where a third party is not involved, including the possibility that a third party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a Fund, or may be in a position to take action contrary to a Fund's business interests.

*Risks of Syndication:* A Fund's investments will include investments in which a Fund's General Partner will seek co-investors. Co-investors will often participate in a Fund's investments when the Fund initially invests in a portfolio company. However, there may be circumstances, including due to the timing requirements of a transaction or the need for regulatory clearance for the co-investors, where co-investors will subsequently purchase their investments from a Fund.

There can be no assurance (i) that a Fund will be successful in syndicating such co-investment, in whole or in part, (ii) that the closing of such co-investment will be consummated in a timely manner, (iii) that the syndication will take place on terms and conditions that will be preferable for such Fund or (iv) that expenses incurred by a Fund with respect to such syndication will not be substantial. If a Fund is not successful in syndicating such co-investment, in whole or in part, the Fund may consequently hold a greater concentration and have more exposure in the related investment than initially was intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect

thereto. Moreover, an investment by a Fund which is not syndicated to co-investors as originally anticipated could significantly reduce such Fund's overall investment returns.

*Lack of Diversification:* A Fund may be permitted to invest up to a specified percentage of its aggregate capital commitments in the securities of one issuer at the time of investment. If a Fund is provided with only a limited number of investment opportunities or is provided with investment opportunities in companies that are similar to the other Fund investments, a Fund's portfolio may be highly concentrated. In addition, to the extent Insight concentrates a Fund's investments in a small number of issuers, issuers within particular segments of the software or Internet industries or within one geographical area or country (including in a country other than the United States), a Fund's portfolio may become even more concentrated, non-diversified and consequently more susceptible to fluctuations in value resulting from adverse economic or business conditions affecting such issuers, industry segment and/or geographical region. Coinvestment Funds and the Continuation Fund are likely to be concentrated in fewer investments than other Funds.

*Insufficient Capital for Follow-On Investments:* Following its initial investment in a portfolio company, a Fund may have the opportunity to increase its investment in successful operations or may be asked to provide additional funds to such portfolio company. There is no assurance that a Fund will make follow-on investments in a particular portfolio company or that a Fund will have sufficient resources to, or be permitted to, make such investments. Any decision not to make follow-on investments, or a Fund's inability to make them, may have a substantial negative impact on a portfolio company in need of such an investment, may result in missed opportunities for a Fund, or may result in dilution of a Fund's investment as other investors provide the needed capital.

*Third Party Litigation:* Litigation can and does occur in the ordinary course of the management of an investment portfolio of securities. A Fund may be engaged in litigation both as a plaintiff and as a defendant. A Fund's investment activities subject it to relatively increased third-party litigation risk in those instances in which the Fund exercises control or significant influence over a portfolio investment, including as a result of board participation. Such litigation can arise as a result of acquisition or disposition transactions (whether consummated or not), portfolio company defaults, portfolio company bankruptcies and/or other reasons. In certain cases, such portfolio companies or their constituents or other third parties may bring claims and/or counterclaims against a Fund, a General Partner, Insight and/or their respective principals and affiliates alleging violations of securities laws and corporate, contractual and other typical claims and counterclaims seeking significant damages. To the extent that (i) a Fund has not been able to protect itself through insurance, indemnification or other rights against the portfolio companies, (ii) a Fund is not entitled to such protections, or (iii) the portfolio company is not solvent, the expense of defending against claims made against a Fund by third parties and paying any amounts pursuant to settlements or judgments would be borne by a Fund and reduce net assets. In connection with such actions, the Fund would be obligated to bear defense, settlement and other costs, and the General Partner, Insight and others would generally be entitled to indemnification by the Fund, subject to certain conditions. Such costs and indemnification could adversely affect the applicable Fund's rate of return.

*Board Participation:* It is expected that a Fund or an affiliate of a Fund will be represented on the boards of directors of certain of its portfolio companies or may have its representatives serve as observers to such boards of directors, including those in which other Insight Funds hold

investments simultaneously to the Fund. Although such positions in certain circumstances may be important to a Fund's investment strategy and may enhance a General Partner's and Insight's ability to manage the investments, they may also have the effect of impairing a General Partner's ability to sell the related securities when, and upon the terms, it may otherwise desire and may subject the General Partner, Insight, and the Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, a Fund will indemnify the General Partner and Insight from such claims.

*Unfunded Pension Liabilities of 80%-Owned Portfolio Companies:* Recent court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, the fund (and any other 80%-owned portfolio companies of the fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. Although the Funds intend to manage their investments to minimize any such exposure, a Fund may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Fund (or other 80%-owned portfolio companies of a Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of such Fund and the companies in which such Fund invests.

*Bridge Financings:* From time to time, a Fund may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term securities. Such bridge loans will typically be convertible into a more permanent, long-term security. It is possible, however, for reasons not always in a Fund's control, that such equity or long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by a Fund.

*Foreign Investments:* A Fund may invest in the securities of issuers located outside of the United States. Foreign securities involve certain factors not typically associated with investing in U.S. securities, including risks relating to: (1) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various foreign currencies in which a Fund's foreign investments are denominated, and costs associated with conversion of investment principal and income from one currency into another; (2) inflation matters, including rapid fluctuations in inflation rates; (3) differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation; (4) economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment and repatriation of capital, the risks of political, economic or social instability or armed conflict or the possibility of sanctions imposed by the United States or other jurisdictions and the possibility of expropriation or confiscatory taxation; and (5) the possible imposition of foreign taxes on income and gains recognized with respect to such securities.

*Adequacy and Availability of Insurance:* While a Fund may seek to make investments where insurance and other risk management products are, to the extent available on commercially reasonable terms, utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, such coverage may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and any insurance proceeds from

covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or any necessary replacement or rehabilitation, as applicable. Certain losses of a catastrophic nature (i.e., those caused by force majeure events) may be either uninsurable or insurable at such high rates as to adversely impact a Fund's profitability if such insurance were obtained.

*Brexit:* The United Kingdom ("UK") left the European Union ("EU") (a decision popularly known as "Brexit") on January 31, 2020 subject to a transitional period that ended on December 31, 2020. The UK and the EU have agreed the terms of their future trading relationship that took effect from January 1, 2021.

It is difficult to predict the precise impact of Brexit on a Fund and its investments. Brexit could also lead to legal uncertainty and politically divergent national laws and regulations as a new relationship between the UK and EU is developed and the UK determines which EU laws to replace or replicate in the future. Accordingly, despite the terms of a trade agreement having been reached, the implementation of such trade agreement and its enforcement may give rise to significant uncertainties and instability in the financial markets.

A Fund may invest in the UK and in the EU. In light of the aforementioned risks, the volatility and uncertainty caused by the political ramifications of Brexit may adversely affect the value of the Fund's investments.

*COVID-19 Pandemic:* Currently, countries worldwide are facing a COVID-19 outbreak. The outbreak has significantly affected business and other activities globally. There are broad and continuing concerns related to the effects of the COVID-19 outbreak on international trade (including supply chains and export levels), travel, employee productivity and other economic activities that may have a destabilizing effect on financial markets and economic activity, potentially impacting the value and liquidity of a Fund's invested assets, access to capital markets and credit, and the business of the Fund and its portfolio companies. The outbreak, and the resulting quarantines and travel restrictions imposed by governments, have had a major negative impact on the global economy and the economies of particular countries or regions, and business activity in the countries in which a Fund may invest and thereby may adversely affect the performance of a Fund's portfolio investments. The likelihood, timing, severity, and possible resurgence of outbreaks, including COVID-19, are unpredictable.

The extent to which any outbreak, including COVID-19, will impact a Fund will depend on many factors beyond our control, including the speed of contagion, the development and implementation of effective preventative measures and possible treatments, the scope of governmental and other restrictions on travel and other activity, and public reactions to these factors. Any plans and preparations for such eventualities, may not be adequate or effective for their intended purpose.

*COVID-19-related Governmental Intervention:* As part of the response to COVID-19, the U.S. Federal Reserve and global central banks have, in addition to other actions to stabilize markets and encourage economic growth, acted to hold interest rates to low rates. It cannot be predicted with certainty when, or how, these policies will change, but actions by the U.S. Federal Reserve and other central bankers may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the Funds' investments. Further financial or economic crises may result in additional governmental intervention in the markets.

*Force Majeure Risk:* Portfolio companies may be affected by force majeure events (i.e., events beyond the control of the party claiming that the event has occurred, including civil unrest, fire, flood, hurricanes and other natural disasters, including extreme weather events from possible future climate change, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern, war, terrorism, nationalization of industry and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to a Fund or a portfolio company) to perform its obligations until it is able to remedy the force majeure event. In addition, the cost to a portfolio company or a Fund of repairing or replacing damaged assets resulting from such force majeure event could be considerable. Certain force majeure events (such as war or an outbreak of an infectious disease) could have a broader negative impact on the world economy and international business activity generally, or in any of the countries in which the Fund may invest specifically. Additionally, a major governmental intervention into industry, including the nationalization of an industry or the assertion of control over one or more portfolio companies or its assets, could result in a loss to a Fund, including if its investment in such portfolio company is canceled, unwound or acquired (which could be without what a Fund considers to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of a Fund and its investments.

*Investments in Emerging Markets:* A Fund's non-U.S. investments are not limited to developed markets but may also be made in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other, more established economies or markets. Such risks may include (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including war or terrorism; (iii) higher dependence on exports and the corresponding importance of international trade; (iv) greater volatility, less liquidity and smaller capitalization of markets; (v) greater volatility in currency exchange rates; (vi) greater risk of inflation; (vii) greater controls on foreign investment and limitations on realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (viii) increased likelihood of governmental involvement in and control over the economy; (ix) governmental decisions to cease support of economic reform programs or to impose centrally planned economies; (x) differences in auditing and financial reporting standards which may result in the unavailability of material information about issuers; (xi) less extensive regulation of the markets; (xii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiii) less developed corporate laws regarding fiduciary duties of officers and directors and the protection of investors; and (xiv) certain considerations regarding the maintenance of a Fund's investments with non-U.S. custodians.

Repatriation of investment income, assets and the proceeds of sales by foreign investors may require governmental registration and/or approval in some emerging countries. A Fund could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Fund or gains from the disposition of such financial instruments.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties and issuers than in other more established markets. Any regulatory supervision that is in place may be

subject to manipulation or control. Some emerging market countries do not have mature legal systems comparable to those of more developed countries. Protections for intellectual property may be limited. Moreover, the process of legal and regulatory reform may not be proceeding at the same pace as market developments, which could result in investment risk. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among local, regional and national requirements. In certain cases, the laws and regulations governing investments in securities may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political or nationalistic influences remain largely untested in many countries. A Fund may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

*Risk of Early-Stage/Start-up Investments:* While some of the Funds are focused primarily on growth-stage companies and may also invest in more mature companies, one or more Funds may have exposure to new and emerging early-stage/start-up investments (collectively, “early-stage investments”). While such investments offer the opportunity for significant gains, they also involve a high degree of business and financial risk and can result in substantial losses. Among these risks are the general risks associated with investing in companies at an early stage of development or with little or no operating history, companies operating at a loss or with substantial variations in operating results from period to period, and companies with the need for substantial additional capital to support expansion or to achieve or maintain a competitive position. Such companies may face intense competition, including from companies with greater financial resources, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel. Even more than growth-stage companies, early-stage investments need to implement appropriate sales and marketing, finance, personnel and other operational strategies to take the business to the next stage.

*Financial and Other Fraud:* Instances of fraud and other deceptive practices committed by senior management of certain companies in which a Fund may invest may undermine the ability of Insight to conduct effective due diligence on, or successfully exit such companies. In addition, financial fraud may contribute to overall market volatility, which can negatively impact a Fund’s investment program.

*Enhanced scrutiny and regulation of private investment funds:* A Fund’s ability to achieve its investment objectives, as well as the ability of a Fund to conduct its operations, is based on laws and regulations that are subject to change through legislative, judicial or administrative action. In the aftermath of the global financial crisis in 2008, for example, regulators in numerous jurisdictions adopted regulatory reforms with respect to their financial systems and securities markets. One such reform, the Dodd-Frank Act, which was enacted in 2010, significantly revised and expanded the rulemaking, supervisory and enforcement authority of the U.S. Federal Reserve, the SEC and other regulators. The Dodd-Frank Act also established a general framework for systemic regulation that continues to be developed and enacted over time and may be the subject of significant modification or repeal under the current or future administration. Additional changes in the regulation of private investment funds may adversely affect the value of investments held by a Fund and the ability of a Fund to effectively employ its investment strategies and achieve its investment objectives. Many of the regulators to which the Funds, Insight or their respective affiliates are expected to be subject globally, including governmental agencies and self-regulatory

organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against a Fund, Insight or their respective affiliates was small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of any such sanction could harm the Funds, the Insight or their respective affiliates' reputations which may adversely affect a Fund's investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment. There is also a material risk that regulatory agencies in the U.S. and beyond will continue to adopt burdensome new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations, as the U.S. and global economies continue to struggle to improve. Any such events or changes could occur during a Fund's term and may adversely affect a Fund and its ability to operate and/or pursue its investment strategies. In addition, as a result of highly publicized financial scandals, and the public perception that certain alternative asset managers (including private equity firms) contributed to the global financial crisis in 2008, investors have exhibited concerns over the integrity of the U.S. financial markets. There has been an active debate both nationally and internationally over the appropriate extent of regulation and oversight of private investment funds and their managers. As alternative asset managers become more influential participants in the U.S. and global financial markets, and the economy generally, the private funds industry has been subject to criticism by some politicians, regulators and market commentators, which could pressure lawmakers in the U.S. and internationally to impose stricter rules and regulations on private investment funds and sponsors, including Insight and the Funds. This enhanced oversight and regulation, and the perception of a need for significant additional rule-making by various governmental bodies, has created uncertainty in the financial markets and, in particular, the private funds industry. Any changes in the regulatory framework applicable to a Fund may impose additional expenses, require the attention of senior management or result in limitations in the manner in which a Fund's business is conducted and may have an adverse effect on the private equity industry generally and/or a Fund. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing investments than it otherwise would have.

*OFAC Sanctions and FCPA Considerations:* Economic sanction laws in the United States and other jurisdictions may prohibit Insight, its affiliates and the Funds from transacting with certain countries, individuals and companies. In the United States, the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC") administers and enforces laws, Executive Orders and regulations establishing U.S. economic and trade sanctions, which prohibit, among other things, transactions with, and the provision of services to, certain foreign countries, territories, entities and individuals. These entities and individuals include specially designated nationals, specially designated narcotics traffickers and other parties subject to OFAC sanctions and embargo programs. The lists of OFAC prohibited countries, territories, persons and entities, including the List of Specially Designated Nationals and Blocked Persons, as such list may be amended from time to time, can be found on the OFAC website at [www.treas.gov/ofac](http://www.treas.gov/ofac). In addition, certain programs administered by OFAC prohibit dealing with individuals or entities in certain countries regardless of whether such individuals or entities appear on the lists maintained by OFAC. These types of sanctions may significantly restrict or completely prohibit certain investment activities,



and if a Fund or its portfolio companies were to violate any such laws or regulations, it may face significant legal and monetary penalties.

Insight and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act (“FCPA”) and other anti-corruption laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, a Fund may be adversely affected because of its unwillingness to enter into transactions that violate any such laws or regulations.

The FCPA and other anti-corruption laws and regulations, as well as anti-boycott regulations, may also apply to and restrict the activities of a Fund’s portfolio companies or a Fund. If a portfolio company or a Fund were to violate any such laws or regulations, such portfolio company or Fund may face significant legal and monetary penalties. The U.S. government has indicated that it is particularly focused on FCPA enforcement, which may increase the risk that a Fund’s portfolio companies or a Fund become the subject of such actual or threatened enforcement. In particular, U.S. regulators recently have been focused on private equity firms and the funds they manage. A violation of the FCPA or other applicable regulations by a portfolio company or a Fund could have a material adverse effect on the Fund.

*AIFMD:* Certain of the Funds may be marketed in member states in the European Economic Area (“EEA”) or the United Kingdom (“UK”). Under the EU Directive on Alternative Investment Fund Managers (Directive 2011/61/EU) and the UK Alternative Investment Fund Managers Regulations (as amended) (together the “AIFMD”), a Fund will be an alternative investment fund (“AIF”) and Insight will be an alternative investment fund manager (“AIFM”). The countries of the EEA and the UK in which Insight may seek investors will be restricted under AIFMD. This is because Insight is a non-EEA AIFM and some countries do not allow any marketing by non-EEA AIFMs; of those that allow it, some impose requirements that make it disproportionately burdensome to do so. If Insight markets in an EEA or EU member state or the UK and then admits an investor from that state, compliance with the reporting and other AIFMD requirements, including the appointment of a depositary, where required, will be ongoing. A Fund will bear the costs and expenses for collecting data, monitoring compliance and filing reports with the relevant authorities. Compliance with AIFMD may therefore result in significant additional costs over the life of such Fund and may reduce returns to investors. Competitors of such Fund may not be structured as AIFs or may otherwise be outside the scope of the AIFMD, potentially putting such Fund at a competitive disadvantage. The requirements of the AIFMD may change over time and could become more stringent. The AIFMD could also expose the Insight and/or a Fund to disparate or conflicting regulatory requirements under the laws of other jurisdictions. In addition, the AIFMD may also restrict certain activities of a Fund in relation to EEA or UK-portfolio companies including, in some circumstances, such Fund’s ability to recapitalize, refinance or potentially restructure an EEA or UK portfolio company within the first two years of ownership.

*Software Code Protection:* The development and protection of source code is critical to many businesses in the software sector. If an unauthorized disclosure of a significant portion of a portfolio company’s source code occurs, such portfolio company could potentially lose future trade secret protection for such source code. The loss of trade secret protection could make it easier for others to compete with such portfolio company’s products by copying their functionality, which could adversely affect such portfolio company’s revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (e.g., viruses, worms, and other

malicious software programs that may attack a portfolio company's products and services). Costs for remediating the unauthorized disclosure of source code and other cyber-security breaches may include those related to increased protection, reputational damage, loss of market share, liability for stolen assets or information and repairs to damaged systems. Remediation costs may also include incentives offered to maintain a portfolio company's business and/or customer relationships following a security breach.

*CFIUS & National Security/Investment Clearance:* Certain investments by a Fund that involve the acquisition of a business connected with or related to national security or critical infrastructure may be subject to review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS") and/or non-U.S. national security/investment clearance regulators depending on the beneficial ownership and control of interests in such Fund. In the event that CFIUS or another regulator reviews one or more of a Fund's proposed or existing investments, there can be no assurances that such Fund will be able to maintain, or proceed with, such investments on terms acceptable to the Fund. CFIUS or another regulator may seek to impose limitations on or prohibit one or more of a Fund's investments. Such limitations or restrictions may prevent a Fund from maintaining or pursuing investments, which could adversely affect such Fund's performance with respect to such investments (if consummated) and thus such Fund's performance as a whole. In addition, the CFIUS review process is continually evolving. In particular, a set of reform measures known as the Foreign Investment Risk Review Modernization Act ("FIRRMA"), was enacted into law, has broadened the jurisdiction of the CFIUS with respect to certain investments, including investments in certain companies that do not confer potential control over a U.S. business by a foreign person. Such legislation could impact the participation in a Fund's investments by non-U.S. Investors, which in the aggregate are expected to hold a significant portion of the interests in the Funds, and may impair a Fund's ability to execute its investment strategy. The reforms enacted by FIRRMA include (i) a requirement of mandatory disclosures to CFIUS of all transactions in which a foreign government owned or controlled entity proposes to acquire a substantial interest in a U.S. business active in critical infrastructure, critical technologies, or which has access to sensitive personal data of U.S. citizens if such data might be exploited in a manner that threatens national security, and (ii) jurisdiction for CFIUS to review any investment (other than truly passive investment) by a foreign person in the same types of companies regardless of the percentage ownership interest of the foreign person. Proposed rules implementing the FIRRMA legislation became effective on February 13, 2020. FIRRMA will increase the number of transactions involving a Fund that would be subject to CFIUS review and investigation and the timing and substantive risks described above. Furthermore, certain of the Investors in the Funds are expected to be non-U.S. investors, and in the aggregate, are expected to comprise a substantial portion of the Funds, which increases both the risk that investments may be subject to review by CFIUS, and the risk that limitations or restrictions will be imposed by CFIUS or other non-U.S. regulators on a Fund's investments. In the event that restrictions are imposed on any investment by a Fund due to the non-U.S. status of an Investor or group of Investors or other related CFIUS or national security considerations, the General Partner of a Fund may choose to restrict such Investor's or such group of Investors' ability to invest in any such portfolio investment and further, if applicable, restrict such Investor's or such group of Investors' rights to participate in or vote on certain decisions of the Advisory Committee with respect to such investment. However, there can be no assurance that any restrictions implemented on any such Investor or any such group of Investors will allow a Fund to maintain, or proceed with, any investment.

*SEC investigations:* There can be no assurance that a Fund, the General Partner of such Fund, Insight or any of their affiliates will avoid regulatory examination and possible enforcement actions in the future. Recent SEC enforcement actions and settlements involving U.S.-based private fund advisers have involved a number of issues, including the undisclosed (or insufficient disclosure of) allocation of the fees, costs and expenses related to unconsummated co-investment transactions (i.e., the allocation of broken deal expenses) and undisclosed (or insufficient disclosure of) legal fee arrangements affording the applicable adviser with greater discounts than those afforded to funds advised by such adviser. Although the Insight believes the foregoing practices to have been common historically amongst private fund advisers within the U.S. private funds industry, the SEC or any other governmental authority, regulatory agency or similar body may take issue with, or continue to take issue with, past or future practices of Insight or any of its affiliates as they pertain to any of the foregoing. In such instances, the Insight and/or such affiliates may be at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction, a Fund, the General Partner of such Fund, Insight or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of any such sanction. The adverse publicity relating to the investigation, proceeding or imposition of any such sanction could harm the Fund, such Fund's General Partner, Insight or their respective affiliates' reputations which may adversely affect the Fund's investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment.

*Subscription Facilities:* A Fund may obtain one or more revolving credit facilities ("subscription facilities") in order to enable the Fund to make investments or pay management fees or other Fund expenses and liabilities. A Fund may also pledge assets of such Fund and guarantee the indebtedness of others (including portfolio companies and entities through which investments by such Fund are held). If a Fund obtains a subscription facility, it is generally expected that such Fund's interim capital needs would be satisfied through borrowings by such Fund under the subscription facility, and drawdowns of capital contributions by such Fund, including those used to pay interest on subscription facilities, would generally be expected to be "batched" together into larger, less frequent capital calls (although actual timing and amounts may vary). Although there are limitations regarding the time borrowings by a Fund under a subscription facility may remain outstanding, there is no limitation on the amount of time guarantees by a Fund may remain outstanding, and the interest expense and other costs of any such borrowings will be Fund expenses (and, with respect to guarantees, may be Fund expenses) and accordingly, may decrease net returns of a Fund. Because net internal rate of returns are calculated based on the date of capital contributions, a General Partner may have an incentive to fund the acquisition of portfolio investments and ongoing capital needs of a Fund with the proceeds of borrowings under subscription facilities or other borrowings guaranteed by such Fund in lieu of immediately drawing down unused capital commitments.

#### *Certain Additional Risks Applicable to Opportunities Fund's Strategy*

*Value of Collateral.* Opportunities Fund will often be dependent upon the value of a security interest it obtains in the tangible or intangible assets of its portfolio companies to mitigate credit risk and provide an additional source of secured repayment for the debt due to the Fund. There is no guarantee that the Fund's security interest will offset losses in whole or in part. Evaluating the potential value of the Fund's collateral involves a high degree of subjectivity and uncertainty, in

part due to the fact that companies in software, software-enabled services, and Internet industries operate in a rapidly evolving marketplace in which the value of their products, services, and assets is subject to considerable fluctuation or reduction. Additionally, structuring and implementing a security interest that can effectively access collateral involves risks. If the assets securing the Fund's debt investments deteriorate in value, or if the Fund's security position is subordinated to or otherwise compromised by other interests seeking repayment from the same collateral, the Fund may not be able to recover the principal balance of its debt investments or any unpaid interest or fees, and may experience losses. These potential losses could be exacerbated by any use of leverage by the Fund. In the event of a foreclosure, the Fund may directly or indirectly assume direct ownership of the underlying asset. The liquidation proceeds upon sale of such asset may not satisfy the entire outstanding balance of principal and interest on the loan, resulting in a loss to the Fund. Any costs or delays involved in the effectuation of a foreclosure of the loan or a liquidation of the underlying property will further reduce the proceeds and thus increase the Fund's loss.

*Investments in Preferred Equity Securities:* The Opportunities Fund expects to invest, among other things, in preferred equity securities. In connection therewith, the Fund may receive common equity or common equity components in connection with preferred equity investments to potentially achieve a material equity upside return to the total investment return on each such investment. Preferred equity securities may have characteristics of both debt and equity. Dividend payments to preferred stockholders may be suspended and cancelled if the issuer experiences liquidity difficulties and the principal paid for preferred stock is generally subordinate to the debt obligations of the issuer. Some preferred stocks may be non-cumulative, which means that the issuer does not ever have to declare or pay dividends on the stock or make up any missed dividends. Consequently, investments in preferred equity securities carry significant risk of loss of principal and current income.

*Convertible Securities:* The Opportunities Fund is expected to invest in convertible securities, which are bonds, debentures, notes, preferred stocks or other securities that may be converted into or exchanged for a specified amount of common stock of the same or a different issuer within a particular period of time at a specified price or formula. A convertible security entitles the holder to receive interest that is generally paid or accrued on debt or a dividend that is paid or accrued on preferred stock until the convertible security matures or is redeemed, converted or exchanged. The ability of a portfolio company to pay a dividend is limited to the extent that the portfolio company does not have sufficient legally available funds for distribution. Convertible securities have unique investment characteristics in that they generally (i) have higher yields than common stocks, but lower yields than comparable non-convertible securities, (ii) are less subject to fluctuation in value than the underlying common stock due to their fixed income characteristics and (iii) provide the potential for capital appreciation if the market price of the underlying common stock increases. The value of a convertible security is a function of its "investment value" (determined by its yield in comparison with the yields of other securities of comparable maturity and quality that do not have a conversion privilege) and its "conversion value" (the security's worth, at market value, if converted into the underlying common stock). The investment value of a convertible security is influenced by changes in interest rates, with investment value declining as interest rates increase and increasing as interest rates decline. The credit standing of the issuer and other factors may also have an effect on the convertible security's investment value. The conversion value of a convertible security is determined by the market price of the underlying common stock. If the

conversion value is low relative to the investment value, the price of the convertible security is governed principally by its investment value. To the extent the market price of the underlying common stock approaches or exceeds the conversion price, the price of the convertible security will be increasingly influenced by its conversion value. A convertible security generally will sell at a premium over its conversion value by the extent to which investors place value on the right to acquire the underlying common stock while holding a fixed-income security. Generally, the amount of the premium decreases as the convertible security approaches maturity. A convertible security may be subject to redemption at the option of the issuer at a price established in the convertible security's governing instrument. If a convertible security held by the Fund is called for redemption, the Fund will be required to permit the issuer to redeem the security, convert it into the underlying common stock or sell it to a third party. Any of these actions could have an adverse effect on the Fund's ability to achieve its investment objective.

*Debt Instruments Generally:* The Opportunities Fund may invest in debt and credit-related instruments. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy and domestic or worldwide economic conditions. Certain debt instruments in which the Fund may invest may have speculative characteristics. There are no restrictions on the credit quality of the investments of the Fund. Generally, such securities offer a higher return potential than higher-rated securities, but involve greater volatility of price and greater risk of loss of income and principal. The issuers of such instruments (including sovereign issuers) may face significant ongoing uncertainties and exposure to adverse conditions that may undermine the issuer's ability to make timely payment of interest and principal. Such instruments are regarded as predominantly speculative with respect to the issuer's capacity to pay interest and repay principal in accordance with the terms of the obligations and involve major risk exposure to adverse conditions. In addition, an economic recession could severely disrupt the market for most of these instruments and may have an adverse impact on the value of such instruments. It also is likely that any such economic downturn could adversely affect the ability of the issuers of such instruments to repay principal and pay interest thereon and increase the incidence of default for such instruments.

*Credit Risk:* One of the fundamental risks associated with debt investments is credit risk, which is the risk that an issuer will be unable to make principal and interest payments on its outstanding debt obligations when due. The Opportunities Fund's returns to the Investors would be adversely impacted if an issuer of debt instruments in which the Fund invests were to become unable to make such payments when due. Even if the Fund makes investments that the General Partner believes are secured by specific collateral the value of which initially exceeds the principal amount of such investments, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Fund could experience delays or limitations with respect to its ability to realize the benefits of any collateral securing an investment. Under certain circumstances, collateral securing an investment may be released without the consent of the Fund.

Moreover, the Fund's investments in secured debt may be unperfected for a variety of reasons, including the failure to make required filings by lenders and, as a result, the Fund may not have priority over other creditors as anticipated. Furthermore, the Fund's right to payment and its security interest, if any, will be subordinated to the payment rights and security interests of any senior lenders. Certain of these investments may have interest-only payment schedules, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, a portfolio company's ability to repay the principal of an investment will be dependent upon a liquidity event or the long-term success of such portfolio company, the occurrence of which is uncertain.

*Senior Secured Loans:* The Opportunities Fund may invest in a variety of different types of structured equity and debt, including senior secured loans. When the Fund makes a senior secured loan to a portfolio company, it generally shall take a security interest in the available assets of the portfolio company, including the equity interests of its subsidiaries, which should help mitigate the risk that the Fund will not be repaid. However, there is a risk that the collateral securing the Fund's loans may decrease in value over time, may be difficult to sell in a timely manner, may be difficult to appraise, and may fluctuate in value based upon the success of the business and market conditions, including as a result of the inability of the portfolio company to raise additional capital. In some circumstances, the Fund's lien could be subordinated to claims of other creditors. In addition, deterioration in a portfolio company's financial condition and prospects, including its inability to raise additional capital, may be accompanied by deterioration in the value of the collateral for the loan. Consequently, the fact that a loan is secured does not guarantee that the Fund will receive principal and interest payments according to the loan's terms, or at all, or that the Fund will be able to collect on the loan should it be forced to enforce its remedies.

*Originated Investments:* In originating and purchasing loans, the Opportunities Fund competes with a broad spectrum of lenders, some of which may have greater financial resources than the Fund. Increased competition for, or a diminishment in the available supply of, qualifying loans could result in lower yields on such loans, which could reduce returns to Investors. The level of analytical sophistication, both financial and legal, necessary for successful financing to companies, particularly companies experiencing significant business and financial difficulties or cash flow needs is unusually high. There is no assurance that Insight will correctly evaluate the value of the assets collateralizing the Fund's loans or the prospects for successful repayment or a successful reorganization or similar action.

*Second Lien, or Other Subordinated Loans or Debt:* The Opportunities Fund may invest in second lien or other subordinated loans. In the event of a loss of value of the underlying assets that collateralize the loans, the subordinate portions of the loans may suffer a loss prior to the more senior portions suffering a loss. If a borrower defaults and lacks sufficient assets to satisfy the Fund's loan, the Fund may suffer a loss of principal or interest. If a borrower declares bankruptcy, the Fund may not have full recourse to the assets of the borrower, or the assets of the borrower may not be sufficient to satisfy the loan. In addition, certain of the Fund's loans may be subordinate to other debt of the borrower. As a result, if a borrower defaults on the Fund's loan or on debt senior to the Fund's loan, or in the event of the bankruptcy of a borrower, the Fund's loan will be satisfied only after all senior debt is paid in full. Insight's ability to amend the terms of the Fund's loans, assign the Fund's loans, accept prepayments, exercise the Fund's remedies (through

“standstill periods”) and control decisions made in bankruptcy proceedings relating to borrowers may be limited by intercreditor arrangements if debt senior to that Fund’s loans exists or due to self-imposed restrictions on voting intended to manage conflicts of interest, in the event of investments in portfolio companies in which other Insight Funds (whether in existence now or in the future) are invested.

*Unsecured Loans or Debt:* The Opportunities Fund may invest in unsecured loans which are not secured by collateral. In the event of default on an unsecured loan, the first priority lien holder has first claim to the underlying collateral of the loan. It is possible that no collateral value would remain for an unsecured holder and therefore result in a loss of investment to the Fund. Because unsecured loans are lower in priority of payment to secured loans, they are subject to the additional risk that the cash flow of the borrower may be insufficient to meet scheduled payments after giving effect to the secured obligations of the borrower. Unsecured loans generally have greater price volatility than secured loans and may be less liquid.

*Term Loans, Delayed Draw Loans, or Revolvers:* The Opportunities Fund may invest in term loans, delayed draw term loans, bridge loans, and revolving loans, together with, without limitation, other instruments described herein. A term loan is a loan that has a specified repayment schedule. A delayed draw loan is a loan that typically permits the borrower to withdraw predetermined portions of the total amount borrowed at certain times. A revolving credit facility differs from a delayed draw loan in that as the borrower repays the loan, an amount equal to the repayment may be borrowed again during the term of the revolving credit facility. Delayed draw loans and revolving credit facilities usually provide for floating or variable rates of interest. If the Fund enters into or acquires a commitment with a borrower regarding a delayed draw loan or a revolver, the Fund will be obligated on one or more dates in the future to lend the borrower monies (up to an aggregate stated amount) if called upon to do so by the borrower. These commitments may have the effect of requiring the Fund to increase its investment in a borrower at a time when it might not otherwise decide to do so (including at a time when the company’s financial condition makes it unlikely that such amounts will be repaid). Delayed draw loans and revolvers may be subject to restrictions on transfer, and only limited opportunities may exist to resell such instruments. As a result, the Fund may be unable to sell such investments at an opportune time or may have to resell them at less than fair market value. In the event that a contractual obligation extends beyond the Fund’s investment period, the Fund would be required to meet such contractual requirements and, if it were unable to do so, would be subject to contractual penalties under such loans. The Fund’s obligation to meet such contractual requirements, which may be met through drawdowns of capital commitments, may extend beyond the Fund’s investment period.

*Investments in Bank Loans and Participations:* The Opportunities Fund may acquire bank loans and participations. The risks associated with investing in these obligations include: (i) the possible invalidation of an investment transaction as a fraudulent conveyance under relevant creditors’ rights laws; (ii) environmental liabilities that may arise with respect to collateral securing the obligations; (iii) adverse consequences resulting from participating in such instruments with other institutions with lower credit quality; (iv) limitations on the ability of the Fund, the General Partner or Insight to directly enforce any of their respective rights with respect to participations; and (v) generation of income that is subject to U.S. federal income taxation as income effectively connected with a U.S. trade or business. Insight will attempt to balance the magnitude of these

risks against the potential investment gain prior to entering into each such investment. Successful claims by third parties arising from these and other risks may be borne by the Fund.

Bank loans generally are transferable among financial institutions and other entities. However, they do not currently have the liquidity of conventional debt securities and are often subject to restrictions on resale. For example, third party approval is often required for the assignment of interests in bank loans. Due to the illiquidity of bank loans, the Fund may not be able to dispose of its investments in bank loans in a timely fashion and at a fair price, which could adversely affect the performance of the Fund. With respect to bank loans acquired as participations by the Fund, because the holder of a participation generally has no contractual relationship with a borrower, the Fund will have to rely upon a third party to pursue appropriate remedies against a borrower in the event of a default. As a result, the Fund may be subject to delays, expenses and risks that are greater than those that would be involved if the Fund could enforce its rights directly against a borrower or through the agent. Bank loans acquired as participations also involve the risk that the Fund may be regarded as a creditor of a third party rather than a creditor of the borrower. In such a case, the Fund would be subject to the risk that a selling participant may become insolvent.

A borrower of a bank loan, in some cases, may prepay the bank loan. Prepayments could adversely affect the Fund's interest income to the extent that the Fund is unable to reinvest promptly payments in bank loans or otherwise or if such prepayments were made during a period of declining interest rates.

The Fund may invest in broadly syndicated loans indirectly through acquiring participation interests in all or a portion of a loan. Participations in a loan will result in a contractual relationship between the Fund and the institution participating out (such institution, the "Underlying Lender"), or selling, the relevant portion of the loan and not with the borrower under the loan. Participation interests will only give the Fund the right to receive payments of principal and interest from the Underlying Lender, and not directly from the borrower. The Underlying Lender will generally retain all voting and consent rights, and the Fund will typically have limited or no voting or consent rights with respect to amendments of the underlying credit documents or other related matters. The Underlying Lender may have economic or business interests or goals that are inconsistent with those of the Fund, and may vote in a manner which is detrimental to the Fund's interests. The Underlying Lender may also require the Fund to post collateral with it in order to secure the Fund's portion of the funding obligation under such loan. However, in the event that the Underlying Lender becomes insolvent and is subject to bankruptcy proceedings, the collateral posted by the Fund may become subject to claims in the bankruptcy and the Fund's position may be that of a general unsecured creditor. In addition, the Fund's interest in the revolving credit facility may be compromised due to the insolvency of the Underlying Lender or any other loan participant's failure to make payments to the Underlying Lender to fund a revolving credit facility. The Fund would also not have direct contractual recourse to the Underlying Lender and recovery would be dependent upon the grantor performing its contractual obligations under the participation, the failure of which may not be easily remediable. Further, independent action by the grantor could have a negative effect on recoveries.

It is possible that the Fund will not realize its investment objectives by selling revolving credit facility positions in advance of their anticipated maturities. However, if it should need to sell



revolving credit facility positions or other investments it holds as a result of a restructuring, in some cases, the Fund may be legally, contractually or otherwise prohibited from selling such investments for a period of time or otherwise be restricted from disposing of them, and illiquidity may also result from the absence of an established market for certain investments. The realizable value of a highly illiquid investment, at any given time, may be less than its intrinsic value. In addition, certain types of investments held by the Fund may require a substantial length of time to liquidate. The Fund does not expect to be able to realize its investment objectives by sale or other disposition of revolving credit facility positions or other investments it holds as a result of a restructuring.

*Unrated Debt Obligations:* The Opportunities Fund may invest in debt investments which may be unrated by a recognized credit rating agency, which may be subject to greater risk of loss of principal and interest than higher-rated debt obligations or debt obligations which rank behind other outstanding investments of the obligor, all or a significant portion of which, may be secured on substantially all of that obligor's assets. The Fund may also invest in debt investments which are not protected by financial covenants or limitations on additional indebtedness. In addition, evaluating credit risk for debt investment involves uncertainty because credit rating agencies throughout the world have different standards, making comparison across countries difficult. Any of these factors could have a material adverse effect on the performance of the Fund. To the extent that the Fund invests in sub-investment grade investments that are also stressed or distressed, the risks discussed above are heightened.

*High Yield Debt:* The Opportunities Fund may invest in high yield debt, a substantial portion of which may be rated below investment-grade by one or more nationally recognized statistical rating organizations or may be unrated but of comparable credit quality to obligations rated below investment-grade, and have greater credit and liquidity risk than more highly rated debt obligations. High yield debt is generally unsecured and may be subordinate to other obligations of the obligor. The lower rating of high yield debt reflects a greater possibility that adverse changes in the financial condition of the obligor or in general economic conditions (including, for example, a substantial period of rising interest rates or declining earnings) or both may impair the ability of the obligor to make payment of principal and interest. Many issuers of high yield debt are highly leveraged, and their relatively high debt- to-equity ratios create increased risks that their operations might not generate sufficient cash flow to service their debt obligations. In addition, many issuers of high yield debt may be in poor financial condition, experiencing poor operating results, having substantial capital needs or negative net worth or be facing special competitive or product obsolescence problems, and may include companies involved in bankruptcy or other reorganizations or liquidation proceedings. Certain of these instruments may not be publicly traded, and, therefore, it may be difficult to obtain information as to the true condition of the issuers. Overall declines in the below investment-grade bond and other markets may adversely affect such issuers by inhibiting their ability to refinance their debt at maturity. High yield debt is often less liquid than higher rated debt.

High yield debt is often issued in connection with leveraged acquisitions or recapitalizations in which the issuers incur a substantially higher amount of indebtedness than the level at which they had previously operated. High yield debt has historically experienced greater default rates than has been the case for investment-grade debt.

High yield debt may also be in the form of zero-coupon or deferred interest bonds, which are bonds which are issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the debt at the time of issuance. While zero-coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in the interest rates than bonds that provide for regular payments of interest.

*Investments in Structured Products:* The Opportunities Fund may invest in securities backed by, or representing interests in, certain underlying instruments (“structured products”). The cash flow on the underlying instruments may be apportioned among the structured products to create securities with different investment characteristics such as varying maturities, payment priorities and interest rate provisions, and the extent of the payments made with respect to the structured products is dependent on the extent of the cash flow on the underlying instruments. The Fund may invest in structured products that represent derived investment positions based on relationships among different markets or asset classes.

The performance of structured products will be affected by a variety of factors, including priority in the capital structure of the issuer, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

The risks associated with structured products involve the risks of loss of principal due to market movement. In addition, investments in structured products may be illiquid in nature, with no readily available secondary market. Because they are linked to their underlying markets or securities, investments in structured products generally are subject to greater volatility than an investment directly in the underlying market or security. Total return on a structured product is derived by linking the return to one or more characteristics of the underlying instrument. Because certain structured products of the type in which the Fund may invest may involve no credit enhancement, the credit risk of those structured products generally would be equivalent to that of the underlying instruments. The Fund may invest in a class of structured products that is either subordinated or unsubordinated to the right of payment of another class. Subordinated structured products typically have higher yields and present greater risks than unsubordinated structured products.

Certain issuers of structured products may be deemed to be “investment companies” as defined in the Investment Company Act. As a result, the Fund’s investments in these structured products may be limited by the restrictions contained in the Investment Company Act. Structured products are typically sold in private placement transactions, and there currently is no active trading market for structured products. As a result, certain structured products in which the Fund invests may be deemed illiquid and subject to its limitation on illiquid investments.

*Fixed Income Securities:* The Opportunities Fund may invest in fixed income securities. Investment in these securities may offer opportunities for income and capital appreciation, and may also be used for temporary defensive purposes and/or to maintain liquidity. Fixed income securities are subject to the risk of the issuer's or a guarantor's inability to meet principal and interest payments on its obligations and are subject to price volatility due to factors such as interest rate sensitivity, market perception of the creditworthiness of the company and general market liquidity.

*Zero Coupon and PIK Bonds:* The Opportunities Fund may invest in zero coupon or PIK bonds. Because investors in such bonds receive no cash prior to the maturity or cash payment date applicable thereto, an investment by the Fund in such securities generally has a greater potential for complete loss of principal and/or return than an investment in debt instruments that make periodic interest payments. Such investments are more vulnerable to the creditworthiness of the issuer and any other parties upon which performance relies.

*Prepayment Risk:* The terms of loans in which the Opportunities Fund invests may permit the borrowers to voluntarily prepay loan at any time, either with no or a nominal prepayment premium. This prepayment right could result in the borrower repaying the principal on an obligation held by the Fund earlier than expected. This could happen when there is a decline in interest rates, when the borrower's improved credit or operating or financial performance allows the refinancing of certain classes of debt with lower cost debt. The yield of the Fund's investment assets may be affected by the rate of prepayments differing from Insight's expectations. Assuming an improvement in the credit market conditions, early repayments of the debt held by the Fund could increase. To the extent early prepayments increase, they may have a material adverse effect on the Fund's investment objectives and profits. In addition, if the Fund is unable to reinvest the proceeds of such prepayments received in investments expected to be as profitable, the proceeds generated by the Fund will decline as compared to Insight's expectations.

*Capital Structure Arbitrage:* In certain circumstances the execution of a distressed investing strategy involves the ability of the Opportunities Fund's General Partner to identify and exploit the relationships between movements in different instruments within an issuer's or borrower's capital structure (e.g., senior bank debt, second liens, debt instruments and other obligations, convertible and non-convertible senior and subordinated debt, preferred equity and common stock). Identification and exploitation of these opportunities involve uncertainty. In the event that the perceived pricing inefficiencies underlying the investments of an issuer held by the Fund were to fail to materialize as expected by the General Partner, the Fund could incur a loss.

*Warrants:* The Opportunities Fund may receive or invest in warrants or rights. Warrants and rights generally give the holder the right to receive, upon exercise, a security of the issuer at a stated price. Risks associated with the use of warrants and rights are generally similar to risks associated with the use of options. Unlike most options, however, warrants and rights are issued in specific amounts, and warrants generally have longer terms than options. Warrants and rights are not likely to be as liquid as exchange-traded options backed by a recognized clearing agency. In addition, the terms of warrants or rights may limit the Fund's ability to exercise the warrants or rights at such time, or in such quantities, as the Fund would otherwise wish.

*Borrower Fraud; Breach of Covenant:* The Opportunities Fund will typically seek to obtain structural, covenant and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to its investments will achieve their desired effect and potential investors should regard an investment in the Fund as being speculative and having a high degree of risk. Of paramount concern in originating or acquiring the financing contemplated by the Fund is the possibility of material misrepresentation or omission on the part of the borrower or other credit support providers or breach of covenant by such parties. Such inaccuracy or incompleteness or breach of covenants may adversely affect the valuation of the collateral underlying the loans or the ability of the Fund to perfect or effectuate a lien on the collateral securing the loan or otherwise realize on the investment. The Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness.

*Covenant-Lite Loans:* The Opportunities Fund may invest in covenant-lite loans, which contain limited, if any, financial covenants. Generally, such loans either do not require the obligor to maintain debt service or other financial ratios or do not contain common restrictions on the ability of the obligor to change significantly its operations or to enter into other significant transactions that could affect its ability to repay such loans. As a result, the Fund's exposure to different risks may be increased, including with respect to liquidity, price volatility and ability to restructure loans, than is the case with loans that have such requirements and restrictions.

*Credit Ratings are Not a Guarantee of Quality:* The Opportunities Fund may invest in debt securities that have been rated by internationally recognized rating organizations. In general, the credit ratings of these organizations represent the opinions of such agencies as to the quality of investments that they rate and are not a guarantee of quality. Such agencies may change their method of valuation of, and the ratings of, securities held by the Fund at any time. A credit rating is not a recommendation to buy, sell or hold assets and may be subject to revision or withdrawal at any time by the assigning rating agency. In the event that a rating assigned to any corporate debt obligation is lowered for any reason, no party is obligated to provide any additional support or credit enhancement with respect to such corporate debt obligation. Rating agencies attempt to evaluate the safety of principal and interest payments and do not evaluate the risks of fluctuations in market value; therefore, ratings may not fully reflect the true risks of an investment. Also, rating agencies may fail to make timely changes in credit ratings in response to subsequent events, so that an obligor's current financial condition may be better or worse than a rating indicates. Consequently, credit ratings of any corporate debt obligation are only a preliminary indicator of investment quality, and not a completely reliable indicator of investment quality. Rating reductions or withdrawals may occur for any number of reasons and may affect numerous assets at a single time or within a short period of time, with material adverse effects upon the corporate debt obligation. It is possible that many credit ratings of assets included in or similar to the corporate debt obligation will be subject to significant or severe adjustments downward.

*Spread Widening Risk:* For reasons not necessarily attributable to any of the risks set forth herein (for example, supply/demand imbalances or other market forces), the prices of the debt instruments and other securities in which the Opportunities Fund invests may decline substantially. Volatility uncertainty in public markets, particularly in debt markets, may have the impact of increasing the

spreads between debt instruments and their relevant benchmarks, indicating an increasing risk of defaults. Thus, purchasing debt instruments or other assets at what may appear to be “undervalued” or “discounted” levels (due to perceived market dislocations or otherwise) is no guarantee that these assets will not be trading at even lower levels at a future time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instruments time of sale. It may not be possible to predict, or to hedge against, such “spread widening” risk. Additionally, the perceived discount in pricing from previous environments described herein may still not reflect the true value of the assets underlying debt instruments in which the Fund invests, and therefore further deteriorations in value with respect thereto may occur following the Fund’s investment therein.

*Speculative Nature of Investments in Stressed or Distressed Debt:* The Opportunities Fund may invest in stressed or distressed debt securities and instruments. Investments in stressed and distressed debt securities and instruments are inherently speculative and are subject to a high degree of risk. Companies experiencing financial distress are often those operating at a loss or with substantial variations in operating results from period to period. Companies experiencing financial distress may be involved in insolvency proceedings and have the need for substantial additional capital to support continued operations or to improve their financial condition and may have very high amounts of leverage. Distressed companies may have further inability to service their debt obligations during an economic downturn or periods of rising interest rates, may not have access to more traditional methods of financing and may be unable to repay debt by refinancing.

The value of stressed and distressed debt securities and instruments tends to be more volatile and may have an increased price sensitivity to changing interest rates and adverse economic and business developments than other securities and instruments. Stressed and distressed debt securities and instruments are often more sensitive to company-specific developments and changes in economic conditions than other securities and instruments. Furthermore, stressed and distressed debt securities and instruments are often unsecured and may be subordinated to senior debt.

*Investment Restructurings:* The Opportunities Fund may make investments in restructurings that involve portfolio companies that are experiencing or are expected to experience severe financial difficulties, which may never be overcome and may result in a portfolio company becoming subject to bankruptcy proceedings. Such investments could, in certain circumstances, subject the Fund to certain additional potential liabilities, which may exceed the value of the Fund’s original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated, or disallowed or may be found liable for damages suffered by parties as a result of such actions. In addition, under certain circumstances, payments to the Fund and distributions by the Fund to the Investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment or a similar transaction under applicable bankruptcy and insolvency laws. Furthermore, investments in restructurings may be adversely affected by local statutes relating to, among other things, fraudulent conveyances, voidable preferences, lender liability, and the bankruptcy court’s discretionary power to disallow, subordinate, or disenfranchise particular claims.

*Difficulty of Bringing Suit or Foreclosure in Non-U.S. Countries:* Because the effectiveness of the judicial systems in the countries in which the Opportunities Fund may invest varies, the Fund (or any portfolio company) may have difficulty in foreclosing or successfully pursuing claims in the courts of such countries, as compared to the United States or other countries. Further, to the extent the Fund or a portfolio company may obtain a judgment but is required to seek its enforcement in the courts of one of the countries in which the Fund invests, there can be no assurance that such courts will enforce such judgment. The laws of many nations often lack the sophistication and consistency found in the United States with respect to foreclosure, bankruptcy, corporate reorganization and creditors' rights.

*Lender Liability Considerations and Equitable Subordination:* In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed "lender liability"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Opportunities Fund's investments, the Fund could be subject to allegations of lender liability.

In addition, by investing in debt instruments common law principles that in some cases form the basis for lender liability claims could expose the Fund to liability. These principles apply if a lending institution is found to have (i) intentionally taken an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engaged in other inequitable conduct to the detriment of such other creditors, (iii) engaged in fraud with respect to, or made misrepresentations to, such other creditors or (iv) used its influence as a stockholder to dominate or control a borrower to the detriment of the other creditors of such borrower. In such cases, a court may elect to subordinate the claim of the offending lending institution to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." The risk to the Opportunities Fund of equitable subordination claims by other creditors of a portfolio company may be even more pronounced if another Insight Fund also holds an investment in the Opportunities Fund's portfolio companies, as actions of the relevant Insight Fund may be attributed to the Opportunities Fund, thereby limiting the Opportunities Fund's potential recovery in a bankruptcy or distressed situation.

*Fraudulent Conveyance:* Various U.S. federal and state and applicable foreign laws enacted for the protection of creditors may apply to the purchase of the Opportunities Fund's investments, which constitute the primary assets of the Fund, by virtue of the Fund's role as a creditor with respect to the borrowers under such investments. In general, if payments on an investment are voidable, whether as fraudulent conveyances or preferences, such payments can be recaptured either from the initial recipient (such as the Fund) or from subsequent transferees of such payments, including Investors.

*Participation on Creditors' Committee:* The Opportunities Fund (or its representatives) while it has no obligation to do so, may participate on committees formed by creditors to negotiate the management of financially troubled companies that may or may not be in bankruptcy or the Fund may seek to negotiate directly with the debtors with respect to restructuring issues. Any action

taken in this regard will be subject to the terms of the Fund's Partnership Agreement, as well as the policies and procedures of Insight that may limit the Fund's ability to vote on a creditors committee where other Insight Funds also hold an investment in connection with voting. Insight may determine at any time that, as a matter of policy, it will not participate in any creditor committee and will instead defer to the judgment of an independent third party administrator. If the Fund does join a creditors' committee, the participants on the committee would be interested in obtaining an outcome that is in their respective individual best interests and there can be no assurance of obtaining results most favorable to the Fund in such proceedings. By participating on such committees, the Fund may be deemed to have duties to other creditors represented by the committees, which might thereby expose the Fund to liability to such other creditors who disagree with the Fund's actions.

*Inability to Vote Certain Positions or Act as Lead Arranger in Certain Situations:* As a result of voting agreements or other arrangements relating to certain issuers and the investments held by the Opportunities Fund or by any other Insight Fund, the Opportunities Fund may be subject to restrictions on its ability to vote or take other actions with respect to certain companies and/or portfolio investments. In such situations, the Opportunities Fund General Partner may not be able to vote or take other actions with respect to its portfolio investments in the manner that it otherwise would believe to be in the best interests of the Opportunities Fund.

*Contingent Liabilities:* The Opportunities Fund may from time to time incur contingent liabilities in connection with an investment. For example, the Fund may acquire a revolving credit or delayed draw term facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, the Fund will be obligated to fund the amounts due, including beyond the Opportunities Fund's investment period. Also, by way of further example, in order to procure financing in connection with its investment activities, the Fund may enter into agreements pursuant to which it agrees to assume responsibility for default risk or other risk presented by a third party or an investment vehicle established to hold or finance assets or otherwise facilitate the Fund's pursuit of its investment objective. In addition, in connection with the disposition of an investment in a portfolio company or of an asset by the Fund, the Fund may be required to make representations about such asset, including the business, financial affairs and other aspects (such as property, tax, insurance and litigation) of the portfolio company typical of those made in connection with the sale of any business and may be responsible for the content of disclosure documents under applicable securities laws. It may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be inaccurate. These arrangements will result in the incurrence of contingent liabilities for which the Opportunities Fund General Partner may establish reserves or escrow accounts. The Fund may incur numerous other types of contingent liabilities. There can be no assurance that the Fund will adequately reserve for such contingent liabilities and that such liabilities will not have an adverse effect on the Fund. In addition, Investors may be required to return amounts distributed to them to fund obligations of the Opportunities Fund, including indemnity obligations, subject to certain limitations set forth in the Opportunities Fund's Partnership Agreement.

*Purchases at a Discount:* The Opportunities Fund may purchase on a secondary market at a discount debt securities or instruments of a company in which another Insight Fund has a substantial equity interest. In such instances, a court might require the Opportunities Fund to

disgorge profit they realized if the opportunity to purchase such securities or instruments at a discount should have been made available to the issuer of such securities or instruments, or the Opportunities Fund might be prevented from enforcing such securities or instruments at their full face value if the issuer of such securities or instruments becomes bankrupt. The effect of these transactions may vary from jurisdiction to jurisdiction.

*Derivatives Generally:* The Opportunities Fund may invest in over-the-counter (“OTC”) derivative instruments from time to time. While the Fund expects to invest in OTC contracts on a bilateral basis with banks or other dealers, the Fund may invest in certain derivatives that are traded on swap execution facilities, security-based swap execution facilities or other similar multi-lateral trading platforms. Certain of such derivatives may be cleared through central counterparties. Investing in derivative instruments, particularly OTC derivatives, presents various risks, including market, counterparty, operational and liquidity risks. The prices of derivative instruments, including swaps, forwards and options, may be highly volatile. The value of derivatives also depends upon the price of the underlying security or other asset or index. Typically, investing in a derivative instrument requires the deposit or payment of an initial amount much smaller than the notional or exposure amount from such derivative instrument. Therefore, if the relevant cash market moves against the Fund, the Fund will suffer a larger loss than it would have by directly investing in the underlying security or other asset or index. OTC derivatives are also subject to the default and credit risk of the counterparty if they are not cleared through central counterparties. Centrally cleared derivatives may be subject to the credit risk of the central counterparty and the relevant futures commission merchant or other clearing broker. In addition, significant disparities may exist between “bid” and “asked” prices for derivative instruments that are traded over the counter and not on an exchange. Such OTC derivatives are also typically not subject to the same type of investor protections or governmental regulation as futures and other exchange-traded instruments. In addition, compared with such exchange-traded instruments, the market for OTC derivatives is less liquid. Although OTC derivative instruments are designed to be tailored to meet particular financing and other needs and, therefore, typically provide more flexibility than exchange-traded products, the risk of illiquidity is also greater as these instruments can generally be closed out only by negotiation with the counterparty. In volatile markets, the Fund may not be able to close out a position without incurring a significant amount of loss. European Market Infrastructure Regulation (“EMIR”) introduced uniform requirements in respect of OTC derivative transactions by requiring certain “eligible” OTC derivative transactions to be submitted for clearing to regulated central clearing counterparties and by mandating the reporting of certain details of derivative transactions to trade repositories. In addition, EMIR imposes requirements for appropriate procedures and arrangements to measure, monitor and mitigate operational and counterparty credit risk in respect of OTC derivatives contracts which are not subject to mandatory clearing. These requirements include the exchange of margin and, where initial margin is exchanged, its segregation by the parties, including by the Fund. While many of the obligations under EMIR have come into force, currently, the requirement to submit certain OTC derivative transactions to central clearing counterparties for non-cleared OTC derivative transactions are subject to a staggered implementation timeline. The impact of EMIR on the Fund may include an increase in the overall costs of entering into and maintaining OTC derivative contracts. Investors should be aware that the regulatory changes arising from EMIR and other similar regulations may in due course adversely affect the Fund’s ability to adhere to its derivatives/hedging policies and achieve its objective.



*Swaps Generally:* The Opportunities Fund may enter into long and short positions in all types of swaps, including total return swaps, rate of return swaps, credit default swaps (including index-related credit default swaps), interest rate swaps and credit-linked securities. Over-the-counter credit default swaps are bilateral agreements between two parties that transfer a defined credit risk from one party to another. Swaps transactions, like other financial transactions, involve a variety of significant risks. The specific risks presented by a particular swap transaction necessarily depend upon the terms of the transaction and the Fund's circumstances. In general, however, all swaps transactions involve some combination of market risk, credit risk, counterparty credit risk, funding risk, liquidity risk and operational risk. Highly customized swaps transactions in particular may increase liquidity risk. Highly leveraged transactions may experience substantial gains or losses in value as a result of relatively small changes in the value or level of an underlying or related market factor. In evaluating the risks and contractual obligations associated with a particular swap transaction, it is important to consider that a swap transaction may be modified or terminated only by mutual consent of the original parties and subject to agreement on individually negotiated terms. Therefore, it may not be possible for the Fund to modify, terminate or offset the Fund's obligations under a swap or the Fund's exposure to the risks associated with a swap prior to its scheduled termination date.

*Credit Default Swaps and Total Return Swaps:* The Opportunities Fund's General Partner may seek to invest some of the assets of the Opportunities Fund by entering into one or more total return swaps, the returns from which are based on the performance of a portfolio of such assets selected by the General Partner (the "Reference Assets"), with bank or broker-dealer counterparties. The Fund may invest in the Reference Assets through total return swaps on a leveraged basis. Returns to the Fund under a credit default swaps or total return swap are related to the performance of the underlying Reference Assets of such swap. The value of any credit default swap depends largely upon creditworthiness of the reference obligors(s), and the value of any total return swap depends largely upon changes in market value of the Reference Asset(s). The terms of individual total return swaps will differ by total return swap counterparty and may change from time to time. The Fund will be required to post collateral in respect of the total return swap. Depending on the terms of a particular swap, the Fund may also be permitted or required to add (or receive return of) collateral from time to time based on changes in the market value of the Reference Asset. In certain circumstances, including if the Fund does not have sufficient assets or is unable to provide the requisite amount of collateral, the total return swap counterparty may terminate the total return swap in whole or in part.

*Liquidity Risk:* Credit default swaps and total return swaps may also expose the Opportunities Fund to liquidity risk. The Fund may not be able to get its counterparty to consent to an early termination of a credit default swap or total return swap, or the Fund may not be able to enter into an off-setting transaction to effectively unwind a credit default swap or total return swap. OTC credit default swaps and total return swaps generally are not assignable except by agreement between the parties concerned, and the counterparty typically has no obligation to permit such assignments. Even if the counterparty of the Fund agrees to early terminate a credit default swap or total return swap at any time, doing so may subject the Fund to certain early termination charges.

*Counterparty Credit Risk.* Typically, the markets in which the Opportunities Fund may effect credit default swaps and total return swaps are OTC markets. Accordingly, the Fund takes credit risk with regard to the swap counterparties with whom it will trade and will also bear the risk of settlement default by such swap counterparties. These risks may differ materially from those entailed in exchange-traded transactions which generally are backed by clearing organization guarantees, daily marking-to-market and settlement and segregation and minimum capital requirements applicable to intermediaries. Transactions entered directly between two counterparties generally do not benefit from such protections. This exposes the Fund to the risk that a counterparty will not settle a transaction in accordance with its terms and conditions because of a dispute over the terms of the contract (whether or not bona fide) or because of a credit or liquidity problem, thus causing the Fund to suffer a loss. Such “counterparty risk” may be accentuated by the fact that the Fund may concentrate its transactions with a single or small group of counterparties. In addition, in the case of a default, the Fund could become subject to adverse market movements while replacement transactions are executed. The Fund is not restricted from dealing with any particular total return swap counterparty or from concentrating any or all of its transactions with one counterparty. Although certain of the swap counterparties may be entities that are rated by recognized rating agencies, the Fund has no formal internal credit function that evaluates the creditworthiness of its swap counterparties. The ability of the Fund to transact business with any one or number of counterparties, the possible lack of a meaningful and independent evaluation of such counterparties’ financial capabilities, and the absence of a regulated market to facilitate settlement may increase the potential for losses by the Fund. In situations where the Fund places assets in the care of a custodian or is required to post margin or other collateral with a counterparty, the custodian or counterparty may fail to segregate such assets or collateral, or may commingle such assets or collateral with the relevant custodian’s or counterparty’s own assets or collateral. As a result, in the event of the bankruptcy or insolvency of any custodian or counterparty, the Fund’s assets and collateral may be subject to the conflicting claims of the creditors of the relevant custodian or counterparty, and the Fund may be exposed to the risk of a court treating the Fund as a general unsecured creditor of such custodian or counterparty, rather than as the owner of such assets or collateral.

*Exchange Risk.* The Opportunities Fund is subject to the risk of the failure of any exchanges on which its positions trade or of the exchanges’ clearinghouses. In addition, each exchange typically has the right to suspend or limit trading in all securities, futures or other instruments that it lists. Such a suspension might render it impossible for Insight to liquidate positions at favorable prices and, accordingly, expose the Fund to losses.

*Forward Contracts:* Forward contracts, unlike futures contracts, are not traded on exchanges and are not standardized. Banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Cash-settled forward contracts are regulated by the U.S. Commodity Futures Trading Commission (“CFTC”) and banking agencies as “swaps”, but most of physically-settlement forward contracts are largely unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to enter into forward transactions. There have been periods during which certain participants in these markets have refused to quote prices for certain commodities or currencies transactions, or they have quoted prices with an unusually wide spread between the price at which they were prepared to take opposite positions in forward transactions.

Disruptions can occur in forward markets due to unusually high trading volume, political intervention, or other factors. Market illiquidity or disruption could result in significant losses to the Fund.

*Clearing and Trading Requirement of the Over-the-Counter Derivatives Markets:* The Dodd Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), which was enacted in 2010, comprehensively revised the OTC derivatives markets. Presently, a substantial portion of OTC derivatives are executed in regulated markets and submitted for clearing to regulated clearinghouses. OTC derivatives trades submitted for clearing are subject to initial and variation margin requirements set by the relevant clearinghouse, as well as possible margin requirements mandated by the SEC or CFTC. The regulators also have broad discretion to impose margin requirements on non-cleared OTC derivatives. The Opportunities Fund will not be able to rely on any exemptions from the clearing and margin requirements for so-called “end-users.” In addition, the OTC derivative dealers with which the Fund executes the majority of its OTC derivatives will not be able to rely on the end-user exemptions under the Dodd-Frank Act and therefore such dealers will be subject to clearing and margin requirements notwithstanding whether the Fund is subject to such requirements. OTC derivative dealers also are required to post margin to the clearinghouses through which they clear their customers’ trades instead of using such margin in their operations. This increases the OTC derivative dealers’ costs, and these increased costs are passed through to other market participants in the form of higher upfront and mark-to-market margin, less favorable trade pricing and the imposition of new or increased fees.

*When-Issued; When, As and If Issued; and Delayed Delivery Securities and Forward Commitments:* Securities purchased or sold by the Opportunities Fund on a when-issued, “when, as and if issued,” delayed delivery or forward commitment basis are subject to market fluctuation, and no interest or dividends accrue to the purchaser prior to the settlement date. At the time of delivery of the securities, the value may be more or less than the purchase or sale price. In the case of “when, as and if issued” securities, the Fund could lose an investment opportunity if the securities are not issued. An increase in the percentage of the Fund’s assets committed to the purchase of securities on a when-issued, “when, as and if issued,” delayed delivery or forward commitment basis may increase the volatility of the net asset value of the Fund.

*Future Investment Techniques and Instruments:* Subject to the terms of the Opportunities Fund’s Partnership Agreement and applicable law, whether or not specifically described herein, the Fund may employ a variety of investment techniques and invest in instruments that the Fund’s General Partner believes will help achieve the Fund’s investment objectives. Such investments may entail risks not described herein. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may not perform as anticipated for reasons within or outside of Insight’s control. In the event such an investment is unsuccessful, this could result in losses to the Fund. In addition, any new investment strategy or technique developed by the Fund may be more speculative than previous investment strategies and techniques that have already been used and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the Fund.

*Certain Litigation Risks.* The Opportunities Fund may also be subject to certain litigation and related risks to the extent that it engages in origination and/or servicing activities. Loan origination

and servicing companies are routinely involved in legal proceedings concerning matters that arise in the ordinary course of their business. These legal proceedings range from actions involving a single plaintiff to class action lawsuits with potentially tens of thousands of class members. In addition, a number of participants in the loan origination and servicing industry (including control persons of industry participants) have been the subject of regulatory actions by state regulators, including state attorneys general, and by the federal government. Governmental investigations, examinations or regulatory actions, or private lawsuits, including purported class action lawsuits, may adversely affect such companies' financial results. To the extent the Fund seeks to engage in origination and/or servicing directly, or has a financial interest in, or is otherwise affiliated with, an origination or servicing company, the Fund will be subject to enhanced risks of litigation, regulatory actions and other proceedings. The expense of defending against claims by third parties and paying any amounts pursuant to settlements or judgments would generally be borne by the Fund and would reduce net assets.

*Possible State Licensing Requirements:* The Opportunities Fund may be required to obtain various state licenses in order to make, hold or dispose of certain investments, particularly with respect to loaning money to portfolio companies. The Fund has not applied for these licenses and may not. The Opportunities Fund General Partner expects that if the Fund does apply for such licenses this process will be costly and take several months. There is no assurance that the Fund will obtain all of the licenses that it desires or that the Fund would not experience significant delays in seeking these licenses. Furthermore, the Fund will be subject to various information and other requirements in order to maintain these licenses, and there is no assurance that the Fund will satisfy those requirements. The Fund's failure to obtain or maintain licenses might restrict its investment options and have other adverse consequences for the Fund.

#### *Certain Additional Risks Applicable to IPPE Fund's Strategy*

*Long/Short:* The success of the IPPE Fund's long/short investment strategy depends upon Insight's ability to identify and purchase securities that are undervalued and identify and sell short securities that are overvalued. The identification of investment opportunities in the implementation of the IPPE Fund's long/short investment strategies is a difficult task, and there are no assurances that such opportunities will be successfully recognized or acquired. In the event that the perceived opportunities underlying the IPPE Fund's positions were to fail to converge toward, or were to diverge further from values expected by Insight, the IPPE Fund may incur a loss. In the event of market disruptions, significant losses can be incurred which may force the IPPE Fund to close out one or more positions. Furthermore, the valuation models used to determine whether a position presents an attractive opportunity consistent with Insight's long/short strategies may become outdated and inaccurate as market conditions change.

*Short Selling:* The success of the IPPE Fund's short selling investment strategy depends upon Insight's ability to identify and sell short securities that are overvalued. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the IPPE Fund of buying those securities to cover the short position. There can be no assurance that the IPPE Fund will be able to maintain the ability to borrow securities sold short. In such cases, the IPPE Fund can be "bought in" (i.e., forced to repurchase

securities in the open market to return to the lender). There also can be no assurance that the securities necessary to cover a short position will be available for purchase at or near prices quoted in the market. Purchasing securities to close out a short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. Short strategies can also be implemented synthetically through various instruments and be used with respect to indices or in the over-the-counter market and with respect to futures and other instruments. In some cases of synthetic short sales, there is no floating supply of an underlying instrument with which to cover or close out a short position and the IPPE Fund may be entirely dependent on the willingness of over-the-counter market makers to quote prices at which the synthetic short position may be unwound. There can be no assurance that such market makers will be willing to make such quotes. Short strategies can also be implemented on a leveraged basis. Lastly, even though the IPPE Fund secures a “good borrow” of the security sold short at the time of execution, the lending institution may recall the lent security at any time, thereby forcing the IPPE Fund to purchase the security at the then-prevailing market price, which may be higher than the price at which such security was originally sold short by the IPPE Fund.

*Long-Term:* The success of the IPPE Fund’s long-term investment strategy depends upon Insight’s ability to identify and purchase securities that are undervalued and hold such investments so as to maximize value on a long-term basis. In pursuing any long-term strategy, the IPPE Fund may forego value in the short-term or temporary investments in order to be able to avail the IPPE Fund of additional and/or longer-term opportunities in the future. Consequently, the IPPE Fund may not capture maximum available value in the short-term, which may be disadvantageous, for example, for Investors who withdraw all or a portion of their capital accounts before such long-term value may be realized by the IPPE Fund.

*Short-Term Market Considerations:* Insight’s trading decisions may be made on the basis of short-term market considerations, and the portfolio turnover rate could result in significant trading related expenses.

*Leverage and Borrowing:*

*Leverage for Investment Purposes:* The use of leverage will allow the IPPE Fund to make additional investments, thereby increasing its exposure to assets, such that its total assets may be greater than its capital. However, leverage will also magnify the volatility of changes in the value of the IPPE Fund’s portfolio. The effect of the use of leverage by the IPPE Fund in a market that moves adversely to its investments could result in substantial losses to the IPPE Fund, which would be greater than if the IPPE Fund were not leveraged.

*Borrowing for Cash Management Purposes:* The IPPE Fund has the authority to borrow for cash management purposes, such as to satisfy withdrawal requests. The rates at and terms on which the IPPE Fund can borrow will affect the operating results of the IPPE Fund.

*Collateral:* The instruments and borrowings utilized by the IPPE Fund to leverage investments may be collateralized by all or a portion of the IPPE Fund’s portfolio. Accordingly, the IPPE Fund may pledge its securities in order to borrow or otherwise obtain leverage for investment or other purposes. Should the securities pledged to brokers to secure the IPPE Fund’s margin accounts decline in value, the IPPE Fund could be subject to a “margin call”, pursuant to which the IPPE

Fund must either deposit additional funds or securities with the broker or suffer mandatory liquidation of the pledged securities to compensate for the decline in value. The banks and dealers that provide financing to the IPPE Fund can apply essentially discretionary margin, “haircut”, financing and collateral valuation policies. Changes by counterparties in any of the foregoing may result in large margin calls, loss of financing and forced liquidations of positions at disadvantageous prices. Lenders that provide other types of asset-based or secured financing to the IPPE Fund may have similar rights. There can be no assurance that the IPPE Fund will be able to secure or maintain adequate financing.

*Costs:* Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the IPPE Fund’s portfolio.

*Lending of Portfolio Securities:* The IPPE Fund may lend securities on a collateralized and an uncollateralized basis from its portfolio to creditworthy securities firms and financial institutions. While a securities loan is outstanding, the IPPE Fund will continue to receive the equivalent of the interest or dividends paid by the issuer on the securities, as well as interest on the investment of the collateral or a fee from the borrower. The risks in lending securities, as with other extensions of secured credit, if any, consist of possible delay in receiving additional collateral, if any, or in recovery of the securities or possible loss of rights in the collateral, if any, should the borrower fail financially.

*Diversification and Concentration:* Insight may select investments that are concentrated in a limited number or types of securities. In addition, the IPPE Fund’s portfolio may become significantly concentrated in securities related to a single or a limited number of issuers, industries, sectors, strategies, countries or geographic regions. This limited diversification may result in the concentration of risk, which, in turn, could expose the IPPE Fund to losses disproportionate to market movements in general if there are disproportionately greater adverse price movements in such securities.

*Lack of Control:* The IPPE Fund may invest in debt instruments and equity securities of companies that it does not control, which the IPPE Fund may acquire through market transactions or through purchases of securities directly from the issuer or other shareholders. Such securities will be subject to the risk that the issuer may make business, financial or management decisions with which the IPPE Fund does not agree or that the majority stakeholders or the management of the issuer may take risks or otherwise act in a manner that does not serve the IPPE Fund’s interests. In addition, the IPPE Fund may share control over certain investments with co-investors, which may make it more difficult for the IPPE Fund to implement its investment approach or exit the investment when it otherwise would. The occurrence of any of the foregoing could have a material adverse effect on the IPPE Fund and the Investors’ investments therein.

*Hedging Transactions:* The IPPE Fund may utilize securities for risk management purposes in order to: (i) protect against possible changes in the market value of the IPPE Fund’s investment portfolio resulting from fluctuations in the markets and changes in interest rates; (ii) protect the IPPE Fund’s unrealized gains in the value of its investment portfolio; (iii) facilitate the sale of any securities; (iv) enhance or preserve returns, spreads or gains on any security in the IPPE Fund’s portfolio; (v) hedge against a directional trade; (vi) hedge the interest rate, credit or currency exchange rate on any of the IPPE Fund’s Securities; (vii) protect against any increase in the price of any securities the

IPPE Fund anticipates purchasing at a later date; or (viii) act for any other reason that Insight deems appropriate. The IPPE Fund will not be required to hedge any particular risk in connection with a particular transaction or its portfolio generally. Insight may be unable to anticipate the occurrence of a particular risk and, therefore, may be unable to attempt to hedge against it. While the IPPE Fund may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance for the IPPE Fund than if it had not engaged in any such hedging transaction. Moreover, the portfolio will always be exposed to certain risks that cannot be hedged.

*Discretion of the Investment Manager; New Strategies and Techniques:* Insight (subject to the policies and control of the IPPE Fund's General Partner) has considerable discretion in the types of securities the IPPE Fund may trade and has the right to modify the investment strategies and techniques of the IPPE Fund without the consent of the Investors. New investment strategies and techniques may not be thoroughly tested in the market before being employed and may have operational or theoretical shortcomings which could result in unsuccessful trades and, ultimately, losses to the IPPE Fund. In addition, any new investment strategy or technique developed by the IPPE Fund may be more speculative than earlier investment strategies and techniques and may involve material and as-yet-unanticipated risks that could increase the risk of an investment in the IPPE Fund.

The material risks of Insight's investment strategy set out in this Item 8 do not represent all of the material and other risks associated with a Fund. Each Fund's confidential private placement memorandum sets out additional risks associated with the Fund.

## **Item 9     Disciplinary Information**

Neither Insight nor its management persons have been subject to legal or disciplinary events that are material to Insight's advisory business or that would be material to existing or prospective clients' evaluation of Insight's advisory business or the integrity of its management persons.

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

Affiliates of Insight serve as the General Partners of the Funds. A Fund may be subject to various conflicts of interest arising from its relationship with Insight and its affiliates including other Funds. Conflicts of interest arise when Insight makes investment decisions for multiple Funds, including but not limited to situations where multiple Funds invest in the securities of the same issuer.

Insight manages the assets of similar-vintage Private Equity Funds in accordance with each Fund's governing documents. Each Fund, however, generally has a limited period during which it is permitted to make new investments. Generally speaking, once that open investment period ends, the Fund is restricted to making follow-on investments in portfolio companies and generally may not make new investments in other companies, subject to provisions in the applicable limited partnership agreement. Insight manages its Private Equity Funds in a manner that generally avoids the circumstance where Private Equity Funds from different vintage years have open investment periods at the same time (except during certain designated pipeline periods set forth in the applicable Private Equity Funds' governing documents), other than in the case of a Private Equity Fund and its companion Coinvestment Fund, which would have investment periods that partially

or completely overlap. Generally, new investments are made by Insight's most recently raised Fund of each strategy (i.e. only the most recently raised Flagship Fund vis a vis other Flagship Funds) and, as applicable, such recent Fund's companion Coinvestment Fund at any given time. A new successor Fund of a given strategy is generally not formed and will not make investments until the predecessor Fund of that strategy is substantially fully invested or committed without the consent of the Advisory Committee of the predecessor Fund. Generally, the limited partnership agreements governing the Private Equity Funds provide for a six month transition period during which certain "pipeline" investments may be allocated to the predecessor Fund. A Private Equity Fund may co-invest with its predecessor Private Equity Fund in such pipeline transactions. After the transition period, new investments will generally be made by the successor Private Equity Fund and, as applicable, its companion Coinvestment Fund. A follow-on investment opportunity in a portfolio company is generally reserved for the Fund that originally invested in such portfolio company, subject to the guidelines and restrictions of the Fund's limited partnership agreements and/or approval of the Fund's Advisory Committee and available capital in the Fund. The Follow-On Fund will participate in the follow-on investment opportunities or a particular Fund as described in the Follow-On Fund's limited partnership agreement. A Fund may on occasion invest in a portfolio company of another Fund or co-invest with another Fund (a Coinvestment Fund would generally invest alongside its companion Fund in the applicable portfolio companies). In the case of the Continuation Fund, the Continuation Fund invested in a specified set of portfolio investments of prior Funds. As more fully described below, such transactions are generally subject to requirements agreed by the Investors and set out in the applicable limited partnership agreement, which may include a requirement to obtain the consent of the Advisory Committee of the applicable Funds. Insight may in the future form Funds with different investment strategies than the current Funds and which may make investments at the same time with other Funds.

### **Allocation of Investment Opportunities**

The respective investment programs of each Fund may or may not overlap and such Funds may from time to time invest in the same assets or issuers. Insight will manage each Fund in accordance with its particular focus, mandate, objective, liquidity, concentration, risk tolerance and other applicable parameters. Investment opportunities will generally be classified as either Private Investments or Public Investments.

*"Private Investments"* are investments in issuers that do not have publicly-traded equity securities, including without limitation, investments in companies that have not yet offered their securities in an initial public offering, investments in the privately-offered securities of companies that have certain securities that are publicly traded (i.e., PIPEs), project financings, credit instruments and debt financings that are not freely tradeable, re-capitalizations of private equity-backed companies, and investments in other illiquid assets. In addition, the securities of an issuer with publicly-traded securities that may be part of a "take private" transaction may be deemed to be Private Investments.

*"Public Investments"* are investments in the publicly-traded equity or debt securities of issuers and all other investments that are not deemed to be Private Investments.

The allocation of investment opportunities in Private Investments will be based on the following priority:



- First, to the Private Equity Funds until each such Fund has received its desired exposure to a particular investment opportunity (as determined by the Investment Committee).
- Second, to the IPPE Fund if Insight anticipates in its sole discretion that the company may conduct an initial public offering within the next three years (a “Late Stage Pre-IPO Investment”) until it has received its desired exposure to the Late Stage Pre-IPO Investment (as determined by the IPPE Portfolio Manager).
- Last, to one or more third parties investing alongside the Funds (“Co-Investors”) in such amounts as are generally determined by the Investment Committee.

For the avoidance of doubt, the Private Equity Funds will have the first priority to receive their full desired exposure in each Private Investment opportunity prior to any other Funds, regardless of whether such investment is a new, follow-on investment or Late Stage Pre-IPO Investment and regardless of whether such investment is already held by the IPPE Fund or a Co-Investor.

If the Investment Committee determines that it is suitable for, and in the best interests of, more than one Private Equity Fund to participate in the same investment opportunity, the Investment Committee will determine the allocation of such opportunity among the applicable Private Equity Funds. Unless the Investment Committee determines otherwise, participating Private Equity Funds with similar vintage years are, subject to requirements of the applicable governing documents (including the Investment Guidelines of each Fund), generally expected to participate in the same investment opportunity in lockstep fashion.

The acquisition of Public Investments is generally not suitable for the Private Equity Funds and, therefore, the IPPE Fund will receive the first priority all Public Investment opportunities. The IPPE Fund’s desired exposure to any Public Investment will be determined in the sole discretion of the IPPE Portfolio Manager.

A Private Equity Fund and the IPPE Fund may at time hold a Private Investment or a Public Investment in the same issuer. In that event, decisions relating to acquisitions and dispositions of such investment will be independently made by the Investment Committee and the IPPE Portfolio Manager, as applicable. Notwithstanding the foregoing, prior to disposing of any such shared investment, the Investment Committee or the IPPE Portfolio Manager will consult with each other to determine if such disposition should be made in a *pro rata* or other coordinated manner.

#### *Allocation of Initial Public Offerings*

Similar to other Public Investments, the IPPE Fund will generally have the first priority to participate in all initial public offerings (“IPOs”), except with respect to IPOs of Private Equity Fund portfolio companies (“Portfolio Company IPOs”).

The allocation of investment opportunities in Portfolio Company IPOs will be based on the following order of priority:

- First, to the Private Equity Fund that holds investments in the Portfolio Company that is making the IPO. To the extent that more than one Private Equity Fund holds

such investments, participation in the Portfolio Company IPO will generally be allocated on a pro rata basis among the participating Private Equity Funds.

- Second, to other Private Equity Funds that do not have an existing investment in the Portfolio Company that is making the IPO. To the extent that more than one such Private Equity Fund would like to participate in the Portfolio Company IPO, the investment opportunity will generally be allocated pro rata among such Private Equity Funds.
- Last, to the IPPE Fund.

The Investment Committee will make all determinations regarding whether the Private Equity Funds will participate in an IPO and what level of participation is appropriate for each participating Private Equity Fund. The IPPE Portfolio Manager will make a determination of whether the IPPE Fund will participate in a Portfolio Company IPO and what level of participation is appropriate for the IPPE Fund. If the amount of interest in a Portfolio Company IPO exceeds Insight's total capacity in the Portfolio Company IPO, the participation amounts will be determined by the Investment Committee using the order of priority detailed above.

The Private Equity Funds do not frequently invest in IPOs of non-Portfolio Companies, however to the extent that the Investment Committee determines that such an IPO is appropriate for one or more Private Equity Funds, the Private Equity Funds will generally participate on a pro rata basis.

Pro rata determinations for participation in IPOs are generally made on the basis of the desired participation level as determined by the Investment Committee (for the Private Equity Funds) and the IPPE Portfolio Manager (for the IPPE Fund).

#### *Allocation of Co-Investment Opportunities*

Fund investments include investments in which a General Partner will seek co-investors. As the growth-stage software, software-enabled and Internet industries have grown, so too have the size of the companies in the industry. Insight believes that including co-investors increases the ability of a Fund to invest in larger companies while managing concentration risks. Co-investors may bring to a transaction relevant knowledge, due diligence skills, management experience and capital, both for the initial investment as well as for future financings. The ability to involve co-investors enables a Fund to make investments that it would otherwise not have the capacity to do. A General Partner of a Fund may, but will be under no obligation to, offer co-investment opportunities to any persons (including Investors) consisting of the portion of an investment opportunity that exceeds the amount that the General Partner determines is appropriate for the Fund. The General Partner of a Fund may, but is under no obligation to, also offer co-investment opportunities to third party strategic investors the portion of an investment opportunity that the General Partner determines to be appropriate. Which third parties will co-invest depends largely on the nature and dynamics of a particular deal. Third-party co-investors (including Investors) have no obligation to participate in a particular deal and they will typically negotiate the terms of their participation. In selecting co-investors to approach with a potential investment, Insight will take into account various facts and circumstances it deems relevant and, at a minimum, a co-investor must be legally eligible to invest in the portfolio company, confirm that it has the ability

and willingness to move quickly in making and implementing a decision to invest, and Insight must believe that it will have a good working relationship with the co-investor during the investment. Co-investors may include one or more Investors, however, the allocation of co-investment opportunities is entirely discretionary and there is no guarantee for any Investor that has expressed an interest in co-investment opportunities that it will see such opportunities except as described below with respect to one of the Current Fund Co-Invest Vehicles. Co-investment opportunities are by their nature limited because, given the swift pace of many deals in which the General Partner determines that co-investors are desirable, and the need to negotiate the co-investments as well as all other aspects of the transaction, it is simply not practical to involve large numbers of co-investors. Moreover, because the co-investors must rapidly devote sometimes significant resources to evaluating whether to invest, they may need a minimum investment to warrant the effort. In Insight's experience, certain Investors and other third parties have consistently been in a position to commit the amounts required and on the schedule dictated by larger transactions, and a General Partner may turn to such co-investors in new deals due to prior good experience with these co-investors enabling Funds to win and close investments and/or to smoothly syndicate investments after closing.

Neither a Fund General Partner nor Insight is permitted to receive any management fee, carried interest or other compensation from third-party co-investors without the applicable Fund's Advisory Committee's consent except in limited circumstances. In addition, co-investors do not bear all of the expenses borne by a Fund in developing, consummating and maintaining an investment. As a result, if the investment is successful, a co-investor will receive a better net return with respect to the portfolio company than Investors in a Fund, and an Investor that participates in co-investments with a Fund may achieve a better return than Investors who do not participate in co-investments, depending on how the co-investments perform.

The General Partner of a Fund and/or Insight may create limited partnerships, limited liability companies or similar vehicles or arrangements to accommodate investments by portfolio company management or strategic or other investors, including one or more Investors of such Fund, in connection with a deal-by-deal determination of any co-investment participation, or may cooperate with specific Investors to create vehicles to enable co-investments in one or more transactions, and may serve as the general partner, the investment manager or in a similar capacity with respect to such vehicles or arrangements. The Investor in such vehicles or arrangements may give a General Partner and/or Insight the authority to determine the co-investments that the vehicle will make with respect to one or more investments. The existence of such vehicles or arrangements formed for a particular Investor could result in fewer co-investment opportunities being made available to other Investors. As noted in the paragraph above, generally neither a General Partner nor Insight is permitted to receive any management fee or carried interest from, nor are they permitted to invest in, such vehicles or arrangements without Advisory Committee consent, unless such economic interest is required for tax or other technical reasons and the benefits of any such economic interest will be offset against the Management Fees or partnership expenses of the relevant Funds. Co-investors will often participate in Fund investments when the Fund initially invests in a portfolio company. However there may be circumstances, including due to the timing requirements of a transaction or the need for regulatory clearance for the co-investors, where co-investors will subsequently purchase their investments from the Fund. The selection of co-investors may involve conflicts of interest and, while Insight has adopted policies and procedures with regard to the selection of co-investors intended to mitigate such conflicts, there can be no

guarantee that such policies will prevent actions that are detrimental to a Fund. As indicated in item 5, Insight has created the Current Fund Co-Invest Vehicles, one of which permits an Investor of the 2017 vintage Flagship Fund to co-invest alongside the 2017 vintage Flagship Fund in control transactions in a specified amount (not to exceed the Investor's aggregate commitment to this co-investment vehicle) in circumstances where a co-investment opportunity in such transactions will be made available.

#### *Transactions Among Insight Funds*

On occasion, Insight may determine that it is in the best interests of a Fund and another Insight Fund or Funds that the Fund should invest, or otherwise acquire an interest, in an existing portfolio company of such other Funds. Generally such transactions would be subject to the approval of the Advisory Committees of the relevant Funds unless a non-affiliated sophisticated financial investor who is not a strategic investor participates in such investment on substantially the same terms as the Fund, the investment of such non-affiliated investor is substantial and certain other conditions contained in the applicable Fund's limited partnership agreements are met. A Fund will generally be permitted without Advisory Committee consent to co-invest with other Funds, to the extent permitted under the governing documents of the Funds, including in certain pipeline transactions. Also, in accordance with the applicable limited partnership agreement, certain Funds may transfer certain investments to its successor Fund or to its Coinvestment Fund, or permit a different Fund to participate in follow-on investments. Certain Funds may, with the consent of their respective Advisory Committees, make bridge co-investments alongside or in their successor Funds or other future Insight Funds, that such Funds expect to syndicate to third party co-investors within a specific period of time. The Continuation Fund was formed for the purpose of acquiring interests in certain existing portfolio investments of other Funds.

#### **Allocation of Expenses**

##### *Potential Conflicts in Calculation and Allocation of Certain Costs and Expenses Generally*

The limited partnership agreements of the Funds provide that each Fund will be responsible for all costs and expenses in connection with its operation, other than the costs and expenses that will be the responsibility of the Manager. With respect to certain operating expenses that are common among a Fund and other Funds, such as insurance premiums or annual meeting expenses, such expenses are allocated by Insight among the Funds as provided in the limited partnership agreements of the respective Funds or, if not so provided, on a case-by-case basis pursuant to a method that Insight believes to be fair and equitable to the Funds, such that no Fund is consistently advantaged over any other Fund or disadvantaged over time in relation to any other Fund or Insight. An operating expense or cost incurred on behalf of more than one Fund will generally be allocated pro rata among the Funds on the basis of (i) the amount of each Fund's applicable investment that relates to the cost or expense, (ii) the amount of each Fund's current net assets or (iii) the amount of each Fund's capital commitments. If deemed appropriate under the circumstances, costs or expenses incurred by more than one Fund may be allocated in any other manner that Insight determines to be fair and reasonable. Insight or its affiliates will typically pay expenses attributable to one or more Funds and thereafter receive a reimbursement from the applicable Fund or Funds without interest. With respect to investments involving more than one Fund, each Fund is required to bear its proportionate share, based on the relative amounts invested,

of transaction expenses except as otherwise provided in the applicable limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by Insight in good faith pro rata among the Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the General Partner determines is reasonable and fair. A potential conflict of interest exists in Insight's determination whether certain costs or expenses that are incurred in connection with the operation of a Fund meet the definition of Fund operational expenses for which the Fund is responsible, or whether such expenses should be borne by Insight. Any Fund will be reliant on the determinations of Insight in this regard, and also in regard to the allocation of investment expenses and any common operating expenses as between the Funds and any other Insight affiliates, including how the expenses of proposed but unconsummated transactions are allocated among the Funds and what the allocation of a co-investment that is never completed might have been.

While Insight will endeavor to allocate expenses in a manner it believes to be equitable and consistent with the relevant Fund limited partnership agreements, there can be no assurance that errors will not arise in such allocations or that other methods of allocation would not produce a result that is more favorable to one or other of the Funds or to Insight.

The Funds will also be reliant on Insight to determine the fees that Insight Onsite charges to portfolio companies since these fees are determined by Insight and not negotiated at arm's length. Although Insight believes that such fees are reasonable for the services provided, and that the Funds benefit from having Insight Onsite's experienced business development team readily available to them, there can be no assurance that such services (or better services) may not be available from third parties at less expense.

#### *Allocation of Investment Expenses in Co-investments, including Broken Deal Expenses*

Under the applicable Fund's limited partnership agreement, a Fund is generally responsible for the costs and expenses incurred in connection with portfolio investments, including the out-of-pocket expenses incurred in the actual or potential acquisition, restructuring or disposition of any investment, whether or not consummated, and the out-of-pocket expenses incurred in connection with holding the investments of the Fund, to the extent not paid for by the applicable portfolio company or potential portfolio company. To the extent paid for by portfolio companies, a Fund and its Investors bear the expense indirectly to the extent of the Fund's interest in the portfolio company. With respect to consummated investments, such expenses, when material, are generally capitalized into the cost of the investment. Where a co-investment is made by more than one Fund, each such Fund is required to bear its proportionate share, based on the relative amounts invested, of such transaction and monitoring expenses except as otherwise provided in the applicable Funds' limited partnership agreements. In addition, the expenses incurred in connection with a transaction that is not completed are required to be allocated by Insight in good faith pro rata among the Funds, based on the intended investment allocation in such transaction, except as otherwise provided in the applicable limited partnership agreements or, if applicable, by such other method as the General Partner determines is reasonable and fair. The intended allocation may not be possible to determine with any certainty given the many variables that go into determining equity contributions in a transaction. Moreover, Insight will look at many more investments as potential investments for a Fund than a Fund will actually make, and, even though expenses may have been

incurred by a Fund or by Insight on behalf of a Fund with respect to such potential investments, a decision may subsequently be made not to proceed with the transaction, or circumstances may arise preventing the consummation of the transaction or making it inadvisable, before the stage where any decision about co-investments with other Funds (or with third parties) has been made, in which case the expenses will generally be borne by the Fund for which Insight initially evaluated the transaction.

With respect to third-party co-investors, including Investors through limited partnerships, limited liability companies or similar vehicles or arrangements to accommodate such co-investments (as described under “Co-Investment Opportunities” in Item 10 above), to the extent that transaction and monitoring expenses are paid or reimbursed by the portfolio company in completed transactions, such third-party co-investors will bear their proportionate share of such expenses as a result of their interest in the portfolio company. Such transaction and monitoring expense are not always paid or reimbursed by the portfolio company and sometimes costs and liabilities, such as borrowing or guarantees, may be incurred in investment structures in which only the Funds participate or directly by the Funds and not by other investors in the portfolio company. Third-party co-investors are not obligated to co-invest and their co-investments are based on arms’ length negotiations between Insight and the third-party co-investors. Typically, co-investments by third-party co-investors are limited to the capital invested in the applicable portfolio company and do not bear the expenses associated with developing and consummating the investment opportunity or post-closing monitoring expenses, except to the extent borne or reimbursed by the portfolio company or otherwise specifically agreed with the co-investor. Third-party co-investors often commit to the transaction late in the process of identifying and negotiating an investment, or after closing in the case of transactions that are syndicated after the initial investment by a Fund. Often such potential co-investors are unable or unwilling to bear the expenses incurred with respect to a transaction that is not, in the end, consummated, and as a result the full amount of any broken deal expenses will be borne by the applicable Fund (and, as described above, other Funds in certain circumstances). As described in Item 5 above, Insight has formed ten co-investment vehicles for Investors: (a) a co-investment vehicle that will generally bear its pro rata portion of transaction and monitoring expenses of investments in which it participates, but not the expenses of any proposed co-investment that is not consummated, and (b) the Current Fund Co-Invest Vehicles that will generally bear their pro rata portion of transaction and monitoring expenses of investments in which they participate, including its pro rata share of the expenses of any proposed co-investment that is not consummated.

A Fund will be reliant on the determinations of its General Partner or Insight as to the allocation of potential co-investments and of the related investment expenses as between the applicable Funds, including how the expenses of proposed but unconsummated transactions are allocated to the applicable Funds and what the allocation of a co-investment that is never completed might have been. While Insight will endeavor to allocate such expenses in a manner it believes to be equitable and consistent with the relevant limited partnership agreements, there can be no assurance that such allocations will adequately reflect all potential variables or that other methods of allocation would not produce a result that is more favorable to a Fund.

Additional information regarding how Insight addresses conflicts of interest is provided in Item 11 below.

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

Insight's Compliance Manual includes a Code of Ethics ("Code") that applies to each of its partners, members, owners, principals, directors, officers and employees ("Covered Persons"). The Code requires compliance with all applicable laws and regulations, including federal securities laws; acting in the best interests of the firm's clients at all times; avoiding actual and potential conflicts of interests; complying with certain restrictions on personal trading and prompt reporting of violations of the Code. The Code requires Covered Persons to safeguard confidential information entrusted to Insight by its clients, Investors or related parties, information regarding Insight's businesses and activities, or information about other Covered Persons. The Code also prohibits insider trading and tipping and addresses anti-money laundering and certain potential conflicts of interest. The Code requires Insight to monitor the personal securities trading of Covered Persons for evidence of insider trading or suspicious trades. A copy of Insight's Code of Ethics will be provided to a client or prospective client upon request.

Like other asset management firms, as part of Insight's business, Insight and its employees have developed many significant relationships with third parties, including, but not limited to, placement agents, investment bankers, counsel, consultants, private equity and venture capital investors, Investors in Funds, co-investors, current and former directors, officers and employees of current and former portfolio companies, and former directors, officers and employees of Insight, including those who have or may form funds that engage in investment activities similar to those of a Fund. Certain of such third parties may: introduce investment opportunities to Insight; arrange for, or facilitate financing in, the purchase or recapitalization of potential portfolio companies; introduce portfolio companies to potential acquisition or merger candidates; introduce Insight to potential buyers of portfolio company securities; facilitate the disposition of portfolio company securities; provide investment banking, consulting or advisory services to Insight, the Funds, portfolio companies and potential portfolio companies; invest in Funds; co-invest in portfolio companies; perform investment banking services for issuers of private securities held by Insight personnel or their friends and family members; introduce or recommend private investment opportunities to Insight personnel or their friends and family members; or provide other significant business or investment services to Insight, the Funds, portfolio companies, potential portfolio companies, Insight personnel, and friends and family of Insight personnel. Such third parties may receive direct commercial compensation from the portfolio company, potential portfolio company or individual for providing these services (including, with respect to portfolio companies, equity or other interests) and/or, with respect to transactions in connection with the Funds or their portfolio companies or potential portfolio companies, may receive compensation from Insight or a General Partner in the form of a cash payment from Insight or a General Partner or a participation in the management fees or carried interest Insight and the General Partners, respectively, receive from the Funds. As a result of the business relationships Insight has developed, it may, as noted above, particularly where Funds have a controlling interest, be in a position to suggest or recommend service providers to portfolio companies with whom Insight or its employees have had a previous relationship or experience or portfolio companies may retain service providers as a result of their experience in transactions or otherwise through their relationships with Insight. Family members of Insight personnel who are professionals or engaged in the relevant business may, independent of Insight, be engaged by portfolio companies. While Insight selects, if it is retaining a service provider, or suggests or recommends service providers who it believes will be

effective and enhance a transaction or portfolio company operations or performance, there can be no assurance that other service providers would not be more qualified or lower cost. Portfolio companies may also retain service providers that have a relationship with Insight or its personnel through their experience with such service providers without any involvement by Insight. It is expected that third-party consultants and advisors to the Funds and their portfolio companies will also provide services to other enterprises, including competitors of Insight or any of the Funds' portfolio companies. Insight has compliance policies and procedures designed to monitor and, as necessary, mediate certain significant relationships, but no guarantee can be made that such policies and procedures will prevent actions which are to the detriment of a Fund.

Service providers to the Funds, their portfolio companies and the portfolio companies' directors, officers and employees, including placement agents and their principals, may be investors in a Fund. This could present a conflict of interest to a General Partner in deciding whether to utilize the services of such service providers, or to pay such service providers higher fees out of the Fund's assets in return for such service providers' willingness to invest in the Fund, which could result in additional fees for Insight.

A portfolio company in which one Fund invests may from time to time use the services of another portfolio company in which a different Fund invests. Insight may also from time to time encourage portfolio companies to consider using in their business the technologies, products or services provided by other portfolio companies even if the potentially transacting companies are owned by different Funds. Certain portfolio companies of the Funds offer their services at discounted rates to the other portfolio companies of the Funds as part of the Insight "family," including portfolio companies of different Funds and Insight typically communicates the availability of these discounts or incentives. It is Insight's policy, however, to avoid participating in any resulting negotiations between or among the transacting portfolio companies except in accordance with procedures intended to address potential conflicts.

Conflicts of interest may also arise in circumstances where Insight may consider an investment by a Fund in a company in which an Investor or another person with a significant relationship to Insight is already an investor or a sale of a portfolio company to such persons since Insight may wish to maintain a good relationship with the Investor or such significant relationship. While Insight has policies and procedures for such situations, there can be no guarantee that such policies and procedures will prevent actions which are to the detriment of a Fund.

The existence of the Carried Interest may create an incentive for a General Partner to make more speculative investments on behalf of a Fund that it would otherwise make in the absence of such performance-based compensation. In addition, upon the winding-up of a Fund, a General Partner may receive carried interest distributions with respect to a distribution in-kind of non-marketable securities. The valuation of such securities for such purposes generally will be determined by the General Partner, subject to Advisory Committee approval, as set forth in the applicable Fund limited partnership agreement. In addition, the clawback obligations of the General Partners may create an incentive to defer the disposition of investments that would result in a realized loss or the completion of the liquidation of a Fund where a clawback obligation would be owed.

Personal investment by investment professionals and other personnel of Insight can present potential conflicts of interest for Insight and its personnel. Insight's members, owners, principals,



directors, officers, and employees, certain family members of those persons, certain directors, officers, or employees of Insight's portfolio companies, and certain individuals employed by or associated with certain service providers of Insight or its portfolio companies have invested, and may continue to invest in the future, in Side-by-Side Funds that will make investments at the same time and on the same terms as the Fund and/or through an entity that invests into such Fund. Each such entity is a related person of Insight. Each Fund has a General Partner which is a related person of Insight. The General Partner of each Fund agrees that the General Partner, Insight, and/or employees, partners or members of the General Partner and Insight will make capital commitments to such Fund. The amount of this sponsor capital commitment varies from Fund to Fund. The sponsor capital commitment generally is satisfied by capital commitments from Insight and its Managing Directors. The sponsor commitment may be financed through borrowings or structured financing arrangements.

The directors, officers and employees of Insight generally may, subject to certain restrictions, buy and sell securities or other investments for their own accounts (including through investment funds managed by Insight). As a result of differing investment strategies or constraints, or for other reasons, positions may be taken by Insight personnel that are the same as, different from or made at different times than positions taken for a Fund. For the same reasons, directors, officers and employees of Insight may invest, and have invested and will continue to invest, in public and private companies, private equity funds, private venture capital funds, hedge funds, real estate funds, mutual funds, managers and sponsors of funds, and other investments. Insight has established policies and procedures requiring certain approvals for investments in private companies and private funds by employees of Insight and most personal securities transactions by Insight personnel. However, the potential exists for personal securities transactions by Insight personnel, including those which have been pre-cleared or approved in advance, to generate significantly higher investment returns to such personnel than any of a Fund's investment transactions generate for its own investors. Insight has also established policies and procedures for circumstances where a company identified as a potential investment opportunity for a Fund is determined not to be suitable or appropriate for the Fund. The potential exists for Insight personnel, other co-investors or competitors of Insight to invest in such company and realize significantly higher investment returns than any of a Fund's investment transactions generate for its own investors.

Generally, a Fund may enter into contracts and transactions with its General Partner, affiliates of its General Partner, or certain key Insight personnel not authorized, addressed or expressly contemplated by the limited partnership agreement, if, in the good faith judgment of the Fund's General Partner, the terms of such contract or transaction are no more favorable to the General Partner, affiliate or key Insight personnel than could be obtained in arm's length negotiations with unrelated third parties and the material terms of such contract or transaction have been approved by the Fund's Advisory Committee.

From time to time, a General Partner, Insight, their affiliates and/or their directors, officers and employees may come into possession of material non-public information concerning specific companies. Under applicable securities laws, this may limit a General Partner's or Insight's flexibility to buy or sell portfolio securities issued by such companies. A Fund's investment flexibility may be constrained as a consequence of the General Partner's or Insight's inability to use such information for investment purposes. Alternatively, each of the General Partner and

Insight and their affiliates may decline to receive material non-public information which it is entitled to receive on behalf of the Funds, in order to avoid investment restrictions for the Funds, even though access to such information might have been advantageous to the Funds and other market participants are in possession of such information.

In the event of a conflict of interest that is not otherwise addressed by the applicable limited partnership agreement, each of the applicable General Partner and Insight will be guided by its fiduciary responsibilities, compliance policies and procedures and good faith judgment as to the best interests of the Fund and may seek or, depending on the Fund and the materiality of the conflict, may be required to obtain, pursuant to the limited partnership agreement of the Fund, guidance from the Advisory Committee of the Fund.

## **Item 12 Brokerage Practices**

Insight has discretionary authority over the Funds' accounts including the buying and selling of securities, the amount and price of securities to be bought or sold, and if applicable, the brokers or dealers to be used for a particular transaction, and commissions or markups and markdowns paid.

### *Brokerage Practices With respect to the Private Equity Funds:*

Most of the securities transactions of the Private Equity Funds involve private companies and privately-negotiated purchases and sales that do not make use of a broker-dealer. However, Insight may employ the services of a broker-dealer to acquire or dispose of interests in certain portfolio companies, typically for securities acquired via an initial public offering or publicly traded securities received as consideration in the sale of a portfolio company. Trades involving such securities are often complex for a variety of reasons, including selling thinly-traded stock, large blocks of stock or restricted shares, or selling on a non-United States exchange. Insight will also generally use a broker-dealer to execute distributions in kind of publicly traded securities to Investors. Insight is responsible for evaluating and selecting broker-dealers for the Funds, and Insight determines the commission rates to be paid through negotiation with the broker-dealers. In selecting broker-dealers through which orders for Funds are to be executed, Insight considers various factors. As a fiduciary, Insight must execute securities transactions in such a manner that a Fund's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained, including the broker-dealer's experience in the kinds of complex, non-routine trades that Insight executes on behalf of the Funds. Thus, Insight will consider the full range and quality of the broker-dealer's service in selecting a broker-dealer to meet best execution obligations, and may not pay the lowest commission rate available.

### *Brokerage Practices With respect to the IPPE Fund:*

Portfolio transactions for the IPPE Fund will be allocated to brokers and dealers on the basis of numerous factors and not necessarily lowest pricing. Brokers and dealers may provide other services that are beneficial to Insight and/or certain Funds, but not beneficial to all Funds. Subject to Insight's duty to seek best execution, in selecting brokers and dealers (including prime brokers) to execute transactions, provide financing and securities on loan, hold cash and short balances and

provide other services, Insight may consider, among other factors that are deemed appropriate to consider under the circumstances, the following: the ability of the brokers and dealers to effect the transaction; the brokers' or dealers' facilities, reliability and financial responsibility; and the provision by the brokers of capital introduction, talent introduction, marketing assistance, consulting with respect to technology, operations and equipment, commitment of capital, access to company management and access to deal flow.

Accordingly, the prices and commission rates (or dealer markups and markdowns arising in connection with riskless principal transactions) charged to the IPPE Fund by brokers or dealers in the foregoing circumstances may be higher than those charged by other brokers or dealers that may not offer such services. Insight need not solicit competitive bids and does not have an obligation to seek the lowest available commission cost or spread. Generally, neither Insight nor the IPPE Fund separately compensates any broker or dealer for any of these other services.

Insight maintains policies and procedures to review the quality of executions, including periodic reviews by its investment professionals.

*Soft Dollars:*

Insight does not currently have any arrangements in place to use client brokerage commissions ("soft dollars") to pay for products or services. Insight may, at times, receive research reports free of charge from broker-dealers that may provide or seek to provide services to Insight, the Funds or portfolio companies. When Insight receives research or other information from a broker-dealer free of charge, it could be viewed as receiving a benefit it does not have to pay for, and Insight could be viewed as having an incentive to select or recommend a broker-dealer for a transaction on behalf of a Fund based on its interest in receiving such benefits rather than on receiving most favorable execution. To the extent that in the future Insight determines to use soft dollars, it will only do so in compliance with the safe harbor provided by Section 28(e) of the Exchange Act and subject to prevailing guidance provided by the SEC regarding Section 28(e).

*Capital Introduction for the IPPE Fund:*

From time to time, brokers (including the IPPE Fund's prime brokers) may assist the IPPE Fund in raising additional funds from investors. Additionally, brokers may provide capital introduction and marketing assistance services, and representatives of Insight may speak at conferences and programs sponsored by the brokers, for investors interested in investing in private investment funds. Through such events, prospective investors in the IPPE Fund may encounter representatives of Insight. Brokers may also provide other services, including consulting services relating to technology and office space. Although neither Insight nor the IPPE Fund compensates brokers for such assistance, events or services, or for any investments ultimately made by prospective investors attending such events, such activities may influence Insight in deciding whether to use such broker in connection with brokerage, financing and other activities of the IPPE Fund. Subject to its obligation to seek best execution, Insight may consider referrals of investors to the IPPE Fund in determining its selection of brokers. However, Insight will not commit to an investor or a broker to allocate a particular amount of brokerage in any such situation.

### **Item 13    Review of Accounts**

The principal role of the Investment Committee is to monitor and approve key investment activities of the Private Equity Funds, including, without limitation, reviewing investment opportunities presented by members of the investment team, determining the suitability of potential investment opportunities, approving or rejecting recommendations from the investment team with respect to the acquisition or disposition of new and follow-on investments, determining the overall size of each investment opportunity and each Private Equity Fund's desired exposure to each approved investment, determining whether any excess capacity in an investment opportunity should be offered to the IPPE Funds or any third party (including co-investors), and monitoring existing investments and reviewing material information. The Investment Committee generally meets on a weekly basis. In addition, Insight's investment team conducts quarterly reviews of the performance and outlook for each portfolio company. Insight's internal Finance Group monitors all cash inflows and outflows from Insight's Funds.

The IPPE Portfolio Manager is responsible for making and implementing investment decisions for the IPPE Funds, including research and due diligence. The IPPE Portfolio Manager will review prospective investments for suitability with the IPPE Funds' investment program and periodically review the IPPE Fund's investments.

Insight holds annual meetings at which Insight's Managing Directors provide Investors in the Funds with reviews of the performance of the Funds and portfolio companies. In addition, the financial statements of the Funds are audited annually.

Insight may review a Private Equity Fund account on other than a periodic basis upon the occurrence of material events that, based on the reasonable business judgment of the responsible Managing Director, require consideration by the Investment Committee or the senior deal team before the next scheduled meeting of the Investment Committee. The IPPE Portfolio Manager may also review the IPPE Fund account other than on a periodic basis upon the occurrence of material events.

Insight provides such reports (and at such frequency) as will be required by the applicable limited partnership agreements for each Fund. As a result, in general, each quarter Insight issues an unaudited quarterly capital account statement to Investors. Insight also issues a quarterly report for each Fund. The quarterly report typically includes the following: a summary of portfolio holdings; distributions; unaudited financial statements, including a balance sheet, statement of changes in Investors' capital, and statement of operations; and a description of some or all of the Fund's portfolio companies. Investors receive audited financial statements within 120 days of the end of each Fund's fiscal year. Insight or its affiliates may by agreement or on request provide additional information or reports to certain Investors.

Each Fund has an Advisory Committee that quarterly receives additional reports about portfolio companies from Insight, if applicable.

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

Insight or its affiliates may use one or more placement agents in connection with Fund offerings. For a number of Funds, Sparring Partners Capital LLC, a broker-dealer registered with the SEC

under the Securities Exchange Act of 1934, was retained by a General Partner as placement agent (“Sparring Partners”) to certain prospective Investors. Insight has also retained and expects to retain other placement agents including to certain prospective Investors outside the United States.

Sparring Partners generally receives a placement fee with respect to the Investors it solicits and that invest, consisting of a cash fee and, with respect to certain Funds, a participation in the General Partner’s Carried Interest. The other placement agents Insight has retained have been paid cash placement fees. Such placement fees paid to Sparring Partners or other placement agents may be paid by the Fund but will reduce Management Fees payable to Insight or, where applicable, Fund expenses. The receipt of compensation by a placement agent may affect its recommendations as to the desirability of an investment in the Funds.

Various potential and actual conflicts of interest may exist or arise from Sparring Partners’ or other placement agents’ business activities and relationships with its clients, investors whom it solicits for Funds and portfolio companies of the Funds or other funds not affiliated with Insight. Sparring Partners has provided, and may continue to provide, a number of services to Insight, the Funds, and certain portfolio companies, has a number of relationships with Insight, the Funds and certain of the portfolio companies, and may have various relationships with potential portfolio companies. In particular, Warren Spar, the principal of Sparring Partners, is a limited partner in certain of the Funds; Warren Spar is a co-investor in certain Fund portfolio companies; Sparring Partners has provided investment banking services to a number of Fund portfolio companies; and Sparring Partners may provide investment banking services to portfolio companies in which a Fund may in the future invest. The other placement agents previously retained by Insight had not provided other services to Insight when they were initially retained and did not acquire interests in any of the Funds in connection with placing Fund interests, however they or future placement agents may provide other services to Insight, or to the Funds and/or portfolio companies and make investments therein, and Insight expects to retain other placement agents who, or whose affiliates have, provided and may in future provide other services to portfolio companies and have made and may in future make investments in the Funds and portfolio companies.

Please refer to Item 11 for a discussion of how we address conflicts of interest that arise in the context of business relationships.

## **Item 15 Custody**

Pursuant to applicable regulation, Insight is considered to have custody of its Funds’ cash and securities. Insight maintains the Funds’ cash and certificated securities with independent qualified custodians to the extent required under the U.S. Investment Advisers Act of 1940, as amended, and rules promulgated thereunder. Insight arranges for each Fund’s financial statements to be prepared in accordance with U.S. generally accepted accounting principles (“GAAP”) and audited at least annually by an independent public accountant that is registered with, and subject to regular inspection as of the commencement of the professional engagement period, and as of each calendar year-end, by, the Public Company Accounting Oversight Board in accordance with its rules. Insight makes those audited financial statements available to all Investors in a Fund within 120 days of the end of such Fund’s fiscal year. Upon liquidation of a Fund, Insight will distribute its audited financial statements prepared in accordance with GAAP to all Investors in a Fund promptly after the completion of such audit. Because Insight’s clients are the Funds and the Funds are

subject to the foregoing audits, a qualified custodian is not required to send account statements to clients or Investors.

The IPPE Fund's prime brokers are each a "qualified custodian" as such term is defined in Rule 206(4)-2 under the Advisers Act (the "Custody Rule"). Insight will maintain client assets in compliance with the Custody Rule.

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

Insight accepts discretionary authority to manage securities accounts on behalf of a Fund and certain co-investment vehicles pursuant to the relevant Fund's or co-investment vehicle's limited partnership agreement, subject to limitations set forth therein. Each limited partnership agreement is subject to negotiation with Investors and typically, for example and without limitation, establishes the Fund's investment objective, policies, strategies and limitations. Examples of such limitations include limitations on the amount of capital that may be invested in any one portfolio company, geographical limitations and limitations on borrowing by a Fund. In addition, the General Partners of the Funds have entered and may in the future enter into side letters or other similar agreements with particular Investors in connection with their admission to a Fund without the approval of any other Investors, which letters have and will in the future have the effect of establishing rights under or altering the terms of the applicable Fund partnership agreement with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors. Such rights or terms in any such side letter or other similar agreement may include opt-out rights of an Investor applicable to particular investments (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, such investments).

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

Insight's policy is generally to vote all proxy proposals, amendments, consents or resolutions (collectively, "Proxies"), in a prudent and diligent manner that will serve the applicable Fund's best interest and is in line with each Fund's investment objectives, unless under the facts and circumstances the responsible Insight Investment Team Managing Director determines that voting is not reasonably practicable (such as, but not limited to, where English language translations of proxy materials are not available). Insight believes that this means a Fund's best economic interests over the long-term – that is, the interest of a Fund in seeing the value of its investment increase over time.

Insight may take into account all relevant factors, as determined by Insight in its discretion, including: (i) the impact on the value of the securities or instruments owned by the relevant Fund and the returns on those securities; (ii) the anticipated associated costs and benefits; (iii) the continued or increased availability of portfolio information; and (iv) industry and business practices. Insight does not take investment positions outside of the Funds it manages and therefore does not anticipate a situation where there would be a conflict between maximizing long-term investment returns for Funds and interests of Insight. If such a situation should arise involving a public security, Insight's Compliance Committee will independently review and evaluate the proxy proposal and the circumstances surrounding the conflict to determine how to vote the proxy in the best interest of the Fund. The Compliance Committee may also determine whether the

conflict of interest involving the public security will be disclosed to the Funds (and/or Investors) and whether to obtain consent prior to voting.

Insight's General Counsel and Chief Compliance Officer are responsible for voting proxies. In deciding how to vote a proxy, these officers are generally expected to consult with the Investment Team Managing Director responsible for covering the portfolio company which is soliciting the proxy vote. They may also consult with Insight's Chief Financial Officer and such other persons as they deem advisable. Clients may obtain a copy of our proxy voting policies and procedures upon request.

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

We are not aware of any financial condition that is reasonably likely to impair our ability to meet our contractual commitments to our clients. We have not been the subject of a bankruptcy petition within the preceding ten years.