

**Item 1 – Cover Page**

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**Part 2A of Form ADV: Firm Brochure**

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**March 28, 2022**

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Form ADV Part 2A (the “Brochure”) provides information about the qualifications and business practices of Weatherford Capital Management, LLC (the “Adviser” or “Weatherford”). If you have any questions about the contents of this Brochure, please contact us at (813) 443-0499 or [asalari@weatherfordcapital.com](mailto:asalari@weatherfordcapital.com). The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“SEC”) or by any state securities authority.

Weatherford Capital Management, LLC is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration of an investment adviser does not imply any level of skill or training.

Additional information about Weatherford Capital Management, LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

The delivery of this Brochure at any time does not imply that the information contained herein is correct as of any time subsequent to the date shown above. The information set forth herein is qualified in its entirety by reference to applicable offering and governing documents. In the event of a conflict between the information set forth in this Brochure and the information in the applicable governing and/or offering documents, the governing and/or offering documents shall control.

**Item 2 - Material Changes**

Weatherford filed its most recent annual amendment to the Brochure on March 31, 2021. This annual amendment to the Brochure updates the Adviser's regulatory assets under management in Item 4. Weatherford has not undergone any material changes since the submission of its most recent annual amendment to the Brochure. Accordingly, there are no material changes to the Brochure to disclose in this section.

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#### **Item 4 - Advisory Business**

For purposes of this Brochure, the “Adviser” or “Weatherford” means Weatherford Capital Management, LLC, a Florida limited liability company formed in June 2018, together with Weatherford Fund Management, LLC, a Delaware limited liability company formed in December 2016, a “Relying Adviser” for purposes of Form ADV. Weatherford is an investment advisory firm with its headquarters in Tampa, Florida, and an office in Dallas, Texas. The Adviser is led and managed by Will Weatherford, Sam Weatherford, and Drew Weatherford (the “Founding Partners” or “Principals”).

Weatherford is a private equity firm and invests in middle market operating companies. The Adviser provides investment advisory, management and other services on a discretionary basis to private investment funds (each a “Fund”, “Client”, or “Partnership,” and collectively, the “Funds”, “Clients”, or “Partnerships”), for sophisticated, qualified investors (“Investors” or “Limited Partners”).

The general partner or equivalent of each Fund is, or will be, an affiliate of the Adviser (each a “General Partner”). Each General Partner is, or will be, subject to the Investment Advisers Act of 1940, as amended (the “Advisers Act”) pursuant to the Adviser’s registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Adviser. The governing documents of each Client may also provide for the establishment of parallel or other alternative investment vehicles in certain circumstances. Investors may participate in such vehicles for the purposes of certain investments, and if formed, such vehicles would also become Clients of the Adviser. In this Brochure, because it is uncertain whether such additional parallel or alternative investment vehicles will be classified as Clients of the Adviser, when we refer to a Fund or Client, we are also referring to such additional parallel or alternative investment vehicles, if any.

The Funds are structured as private equity funds that invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” The Adviser’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. The Adviser generally targets middle market companies in the United States with a strategic focus in Florida or Texas. The Adviser leverages several investment types – growth equity, recapitalizations, late stage venture, and real estate – and aims to become a long-term strategic partner with its portfolio companies using a hands-on, relationship-driven approach. The Adviser pursues companies across multiple industries with attractive valuations, strong management teams, and proven business models which the Principals believe will enhance the return profile and emphasize capital preservation. The Principals or other affiliated personnel of the Adviser or its affiliates intend to serve on certain portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

The Adviser’s advisory services to the funds are detailed in the applicable private placement memoranda or other offering documents, investment management agreements, limited partnership or other operating agreements (each, a “Partnership Agreement”), subscription agreements or similar governing documents, and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” While it is anticipated that each of its Clients will follow the strategy described above, the Adviser may tailor the specific advisory services with respect to each Client to the individual investment strategy of that Client. In addition, the governing documents of Clients may, in certain limited circumstances, impose restrictions on investing in certain securities or types of securities, for example in connection with regulatory or compliance reasons.

Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant governing documents. The Funds and the General Partners have, and may in the future, entered into side letters or other similar agreements (“Side Letters”) with certain Investors that have the effect of establishing rights under, or altering or supplementing the terms (including economic or other terms) of, the relevant governing documents with respect to such Investors.

Additionally, from time to time and as permitted by the relevant governing documents, the Adviser expects to provide (or to agree to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain Investors or other persons, including other sponsors, market participants, finders, consultants and other service providers, the Adviser’s personnel and/or certain other persons associated with the Adviser and/or its affiliates (e.g., a vehicle formed by the Principals to co-invest alongside a particular Fund’s transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle may purchase a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer). Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment. Where appropriate, and in the Adviser’s sole discretion, the Adviser is authorized to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs and expenses. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2021, the Adviser manages approximately \$683,788,389 in Client assets on a discretionary basis through the Funds. The Adviser is controlled by the Principals.

## **Item 5 - Fees and Compensation**

In general, the Adviser receives a management fee from each of the Funds that it manages as compensation for the investment advisory services rendered to the applicable Fund. The Adviser also typically receives performance-based compensation or carried interest pursuant to the applicable governing documents for such Fund.

The Adviser or its affiliates expect to receive additional compensation in connection with management and other services performed for portfolio companies of the Funds, and such additional compensation generally will offset in whole or in part the management fees otherwise payable to the Adviser in accordance with the relevant governing documents. Investors in a Fund also bear certain expenses, as set forth in the governing documents of such Fund.

The precise amount, the manner of calculation and the manner and timing of payment of any such management fee, carried interest, or performance-based compensation for each such Fund are established by the Adviser, as modified by negotiations with Investors in the applicable Fund, and are set forth in such Fund’s governing documents provided to each Investor prior to investment in such Fund. Nonetheless, the structure of the management fee and carried interest which the Adviser currently employs and which the Adviser expects to employ with respect to future Funds going forward is summarized below.

## **Management Fees**

A management fee (the “Management Fee”) will be paid by the Client to the Adviser. The Management Fee is determined by the governing documents of each Fund, but will generally be payable, semi-annually in advance on the 10th business day of January and July in each year during the advisory relationship. During the period from the initial closing of capital commitments in the Fund until the end of the investment period, the Management Fee will generally be paid at an annual rate ranging from 1% and 1.5% of aggregate capital commitments. Thereafter, the Management Fee will be paid at an annual rate ranging from 0.75% and 1.5% of the Remaining Capital Base. “Remaining Capital Base” means an amount equal to invested capital less the amount invested in investments that have been sold or that have been fully written off and are no longer being monitored. Investors participating in a closing after the initial closing of a Fund generally will bear the Management Fee from the date of the initial closing of such Fund plus interest. The Management Fee will be payable until all portfolio investments are distributed or until such General Partner’s relationship with the applicable Fund is terminated for other reasons (as described in the Fund’s governing documents).

Installments of the Management Fee payable for any period other than a full six-month period generally are adjusted on *pro rata* basis according to the actual number of days in such period. The Management Fee generally is reduced by a specified percentage of a Fund’s share of Portfolio Fees, as is defined and discussed below and as more fully detailed and subject to the terms set forth in the relevant governing documents.

The governing documents for certain Funds permit the Adviser to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the governing documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner’s behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Funds. The Limited Partners of the Funds may be required to make a *pro rata* contribution according to their respective commitments to fund any contribution that would otherwise be required of the Adviser in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of Investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will be delayed.

## **Carried Interest**

The Adviser will receive a carried interest with respect to the Funds equal to a fixed percentage (generally in the range of 10-30%) of all realized profits subject to a fixed percentage compound preferred return (generally in the range of 7-12%), as more fully described in the applicable governing documents of each Fund. The carried interest distributed to the Adviser is subject to a potential giveback at the end of life of the Funds if the Adviser has received excess cumulative distributions and at certain interim intervals as provided in the governing documents. It is expected that any future Funds will have a similar fee structure.

## **Fund Expenses**

To the extent not paid or reimbursed by a portfolio company, the Funds will be responsible for the payment of their expenses, including, without limitation, all fees, costs, expenses and liabilities

relating to its operations, including, but not limited to: legal, accounting, transaction, consulting, research, brokerage, third-party valuation agent expenses, finders', insurance, depository, custody, transfer, registration, advisory committee expenses, Limited Partner meeting expenses, interest, taxes and extraordinary expenses, and any other fees and expenses as summarized below and provided in more detail in the Partnership Agreement for each Fund.

Investors, on a pro-rata basis, shall bear and be charged with all costs and expenses of the Funds (the "Fund Expenses") other than the normal operating expenses of the Adviser (and shall promptly reimburse the Adviser or its affiliates, as the case may be, to the extent that any of such costs and expenses are paid by such entities), including the following costs and expenses of the Funds:

(i) fees, costs and expenses of legal counsel, accountants, auditors, custodians, administrators and other consultants and professionals;

(ii) all out-of-pocket expenses incurred in connection with the organization of the Funds, the Adviser and any of their affiliates formed for the purpose of providing services to the Funds, and the offering of the interests therein, including any related legal and accounting fees and expenses, travel expenses and filing fees, capital raising and other organizational expenses;

(iii) all fees, costs and expenses, including travel expenses, incurred in developing, negotiating and structuring prospective portfolio investments (whether or not consummated), managing, monitoring and disposing of portfolio investments, including any financing, legal, accounting, advisory and consulting expenses in connection therewith (to the extent the Adviser or an affiliate is not reimbursed by a prospective or actual portfolio company or other third parties or capitalized as part of the acquisition price of the transaction);

(iv) brokerage commissions, custodial expenses and other investment costs, fees and expenses actually incurred in connection with making, holding, hedging or disposing of portfolio investments;

(v) interest on, and fees, costs and expenses arising out of, all financings entered into by the Funds, including, but not limited to, those of lenders, investment banks and other financing sources;

(vi) the costs of any litigation, director and officer liability or other insurance, fees, costs and expenses relating to compliance with regulatory requirements applicable to the Funds or Weatherford and the costs and expenses of any litigation relating to the activities or operation of the Funds and the amount of any judgments or settlements paid in connection therewith, relating to the business, activities and interests of the Funds (including, without limitation, indemnification paid in accordance with the Partnership Agreement and any similar obligation and indemnification or extraordinary expense or liability relating to the affairs of the Fund); and

(vii) expenses of liquidating the Funds;

- 1) expenses relating to any audit, investigation, governmental inquiry or public relations undertaking;
- 2) any taxes, fees or other governmental charges levied against the Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund;
- 3) the expenses of meetings of the Funds; and
- 4) all third-party fees, costs and expenses related to any of the foregoing.

Investors may be required to make capital contributions to the extent of their unpaid capital commitments for the payment of Fund Expenses and Management Fees to the extent a Fund does not have sufficient funds to pay such expenses. The Adviser also may cause the Funds to pay Fund

Expenses and Management Fees from any source of funds and may cause the Funds to borrow funds to pay any such expenses or fees.

The Adviser may withhold on a pro rata basis from any distributions amounts necessary to create, in its discretion, appropriate reserves for expenses and liabilities, contingent or otherwise, including Fund Expenses and Management Fees, and the Adviser may withhold, on a basis it determines is appropriate, amounts necessary to reserve for taxes.

The Adviser will pay out of the Management Fee the normal operating expenses referred to in advisory agreement with each Fund, including, without limitation, all expenses and costs incurred by the Adviser in connection with providing services to the Funds such as compensation of its investment professionals, rent, utilities, and office expenses.

### **Portfolio Fees**

In addition to the Management Fees and carried interest, the Adviser and its affiliates may receive a variety of other cash, equity and non-cash fees relating to the investment activities of the Funds, the portfolio companies and prospective portfolio companies, including transaction fees, director fees, financial advisory fees, organization and financing fees, operational fees, commitment, transaction, break-up and topping fees, divestment fees, termination fees, project fees, fees relating to the arrangement of acquisitions or other financial restructuring, or divestments, investment banking fees, fees relating to credit origination, loan syndication, loan serving and/or other types of management consulting and other similar operational and financial matters and/or other fees and annual retainers from, or with respect to, the portfolio companies (collectively with the other fees described in this section, “Portfolio Fees”). The amount and timing of Portfolio Fees received by the General Partner or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction.

The Adviser and its affiliates may also receive “monitoring fees” pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals, the payment of monitoring fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric), and the acceleration of payment of the monitoring fees upon certain termination events, including the occurrence of an initial public offering or strategic exit. The accelerated monitoring fee may be calculated as the present value of hypothetical future payments, which may be based on an assumed growth in performance, based on an assumed growth of EBITDA or similar metric, and may be calculated using a discount rate as low as the risk-free rate, as determined by the Adviser. Since the monitoring agreements may have prolonged terms (often exceeding ten (10) years and/or subject to automatic extensions and renewal), the financial effect of such acceleration may be substantial, particularly in the event such circumstances occur early in the life of the Funds’ investment in such portfolio company. Notwithstanding the foregoing, in the event of an initial public offering or other disposition, monitoring fees will continue to be paid so long as the Funds continues to hold an other than de minimis position in such portfolio company and the Adviser or its affiliates continue to provide the monitoring services.

For purposes of calculating any Management Fee offset for certain funds, Portfolio Fees and monitoring fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Portfolio Fees may be substantial and typically are paid in cash, in securities of the portfolio companies or



investment vehicles (or rights thereto) or otherwise. The Adviser will reduce the amount of Management Fees paid by certain Funds by 100% of such Portfolio Fees and monitoring fees received. The Management Fee offset for each Fund is described more fully in the respective Partnership Agreements.

The Adviser will determine the amount of these fees in its own discretion, subject to agreements with sellers, buyers and management teams, the boards of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions, and the Adviser is not required by the Partnership Agreement to provide the Funds and the Limited Partners thereof with information regarding the amounts of these fees and reimbursements, although sometimes portfolio companies disclose these fees in materials. Although the Adviser or certain of its affiliates receive these fees and reimbursements from actual or prospective portfolio companies or other investment vehicles of the Funds, the opportunity to earn these fees and receive these reimbursements creates a conflict of interest between the Adviser and such affiliates, on the one hand, and the Funds and the Limited Partners thereof, on the other hand, because the amounts of such fees and reimbursements are often substantial, the Funds and their investors do not have an interest in the Adviser or such affiliates and the rights of the Fund and their investors to these fees and reimbursements is limited to the offset described above. In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

In addition, the General Partner or its personnel, on behalf of General Partner, may receive stock of a portfolio company as a Portfolio Fee (due to service of such personnel on the board of such portfolio company or as compensation for other services provided to such portfolio company). In the event of such a distribution or receipt of stock as a Portfolio Fee, the General Partner or its personnel may act in its own interest and may determine to sell the distributed stock, or hold on to the distributed stock until such time as the General Partner or its personnel shall determine. The ability of the General Partner or its personnel to act in its own interest with respect to such distributed stock creates a conflict of interest between the General Partner and its personnel, on the one hand, and the Funds, on the other hand, because the recipient's interests may not be aligned with those of the Funds and the recipient may determine to sell the stock received at a different time, or on different terms, than the Funds would sell their interest.

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

Certain other fees and reimbursements that are generally not considered "Portfolio Fees" and do not reduce the Management Fee payable by the Funds include (but are not limited to) the following: (i) the portion of any fees allocable to capital invested by a co-investment vehicle, third-party investor that does not pay Management Fees or to capital committed by a Fund investor that does not pay Management Fees, (ii) fees or expenses borne by the Funds directly, (iii) any amounts paid by a Holding Company (as defined below) to its management team, and (iv) any amounts paid by a former portfolio company, such as directors' fees a former portfolio company pays a General Partner professional who remains on the company's board of directors following a Fund's disposition of its investment in the company.

Additionally, a portfolio company will typically reimburse the Adviser for expenses, including, without limitation, travel and travel-related expenses, meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses, incurred by the Adviser in connection with its performance of services for such portfolio company. Such expenses are not “Portfolio Fees” and such reimbursements do not reduce the Management Fee.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by the Adviser, are reimbursed by a Fund and/or its portfolio companies, the Adviser may not necessarily seek out the lowest cost options when incurring (or causing a Fund or the portfolio companies to incur) such expenses. In certain circumstances, the Management Fees payable to the Adviser by individual Investors in the Funds can vary among such Investors (*e.g.*, based on size of commitment, aggregate commitments to the Funds, timing of admission or other strategic or relationship factors) and may be negotiable. Moreover, the Adviser is permitted to exempt certain “affiliated partner” Investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including the Adviser and any other person designated by the Adviser, such as “friends and family” and certain business associates of the Adviser or its personnel, or other Investors meeting certain qualification requirements based on commitment size or other strategic or relationship factors. Any such exemption from fees and/or carried interest may be made by a direct exemption, a rebate by the Adviser and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where an Adviser professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried interest with respect to such Fund. Additionally, to the extent permitted by the relevant governing documents, the Adviser has the right to permit Investors, affiliated with the Adviser or otherwise, to invest through vehicles that do not bear Management Fees, carried interest, or performance-based compensation. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying Investors.

### **Other Information**

The Funds generally invest, and anticipate continuing to invest, on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the governing documents, over the term of the relevant Fund, and Investors generally are not permitted to withdraw or redeem interests in the Funds.

Principals or other current or former employees of the Adviser generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by the Adviser or its affiliates.

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

As described above in Item 5 “Fees and Compensation,” the Adviser or its affiliates may receive a carried interest allocation on certain realized profits in the Funds. These payments are subject to Section 205(a)(1) of the Advisers Act, in accordance with the available exemptions thereunder,

including the exemption set forth in Rule 205-3. The Adviser does not advise Funds that are not subject to a carried interest, although it generally has the authority to waive carried interest with respect to certain partners as described above in Item 5 “Fees and Compensation.”

Additionally, to the extent that the Adviser’s personnel are assigned varying percentages of carried interest from the Funds, such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

The existence of carried interest and performance-based compensation has the potential to create an incentive for the Adviser to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although the Adviser generally considers performance-based compensation to better align its interests with those of its Investors.

The Adviser seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and governing documents, as well as other factors that do not include the amount of performance-based compensation received by the Adviser or any personnel.

#### **Item 7 - Types of Clients**

As described in Item 4 “Advisory Business,” the Adviser provides investment advisory services only to Funds, which are investment partnerships, or similar entities, which are exempt from registration under the Investment Company Act. The Investors participating in the Funds may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, Principals or other employees of the Adviser and its affiliates and members of their families, and Consultants or other service providers retained by the Adviser.

Each Fund will generally have a minimum investment amount of \$2.5 million for third-party Investors in the Funds, and Fund interests will be offered and sold solely to accredited investors who are also qualified clients. Such minimum investment amounts may be waived by the Adviser.

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

Weatherford’s investment strategy is to make growth equity investments in rapidly growing, privately owned businesses domiciled in the United States with an emphasis on companies with a strategic focus in Florida and Texas. The Adviser seeks to invest predominately in off-market opportunities and companies operating in one or all of the following settings: i) business-to-business or business-to-government business models, ii) highly regulated industries, or iii) sectors where Weatherford believes it has strong value-add potential. Weatherford opportunistically pursues companies across multiple industries with attractive valuations, strong management teams, and proven business models which the Partners believe will enhance the return profile and emphasize capital preservation.

The Funds invest primarily in expansion financings, recapitalizations, and acquisition financings of existing operating businesses. The Adviser generally aims for commitments ranging from \$10 to \$50 million per investment, although the Funds may invest in opportunities outside of this range. Weatherford anticipates the Clients will both serve as a lead investor and act as a co-investor in

investments led by other reputable investors with whom Weatherford has a relationship. Weatherford will aim to be active at the Board of Directors level for each of the Clients' investments. The Adviser looks to build a robust and diversified portfolio of investments and will seek to exit through sales to strategic or financial buyers, initial public offerings, or recapitalizations and dividends. With respect to the Funds' investment opportunities, Weatherford intends to present for consideration to its investment committee investment opportunities that it expects will have a gross IRR of at least 18%.

### **Investment Strategy**

The strategy employed by Weatherford on behalf of the Funds maintains a focus on cultivating proprietary deal flow, making decisions through a risk-adjusted lens, adding value to portfolio companies, and being diligent in the management of the portfolio. The key elements of this strategy are summarized as follows:

- Focus on Proprietary Deal Flow
- Capital Preservation and Risk Reduction
- Value-added Partner Approach
- Diligent Portfolio Management
- Investment Access

*Focus on Proprietary Deal Flow.* Weatherford has made 13 investments since 2015, primarily as a result of the strong network that was developed during the Weatherford team's prior careers in business, finance, sports, and politics. This network has been built upon substantially since 2015 and these relationships with private company investors, entrepreneurs, public sector leaders, family offices, and service providers have created a valuable and robust proprietary deal pipeline. As a result, Weatherford has not been reliant on investment banking referrals to identify new investment opportunities, streamlining the firm's time, effort, and financial resources. To date, Weatherford has not made an investment that was sourced and consummated through an investment banking auction process. Weatherford's experience is that participation in investment bank-brokered auctions drives high valuations and creates a more difficult avenue to attractive returns. And, as Weatherford believes itself to be a valuation-conscious investor, Weatherford's focus is primarily on generating a proprietary deal flow.

Weatherford makes a substantial effort to engage and grow its deal flow network. All Principals of the firm are actively engaged with deal sourcing and relationship building and are supported in this effort by the Senior Advisors and Business Development Adviser. Additionally, the firm launched a direct-sourcing initiative in 2019 that aims to reach out directly to rapidly growing businesses in Florida and Texas. The goal of the process is to contact hundreds of private growth companies on an annual basis as a means of supplementing the existing deal pipeline.

*Capital Preservation and Risk Reduction.* Weatherford seeks to generate an attractive return profile while reducing risk as much as possible. The Adviser pursues growth equity investments as companies of this stage have established business models while still presenting a pathway to substantial growth. Additionally, Weatherford will often seek to employ financial structures that allow for the preservation of capital or the accelerated return of capital at lower exit valuations. Such structures include investing in senior preferred securities with redeemable or participation structures, accruing dividends, and earn-out rights tied to eventual exit values. In growth buyout transactions, an emphasis will be placed on conservative and prudent leverage levels that allow the company the flexibility to grow. All Fund investments are evaluated through the lens of risk-adjusted returns.

*Value-Added Partner Approach.* Weatherford seeks to enhance the value of its investments through hands-on involvement in each of its portfolio companies. Up-front deal assessment is conducted by Weatherford and a preference for deals with a value-added angle are prioritized when making investment decisions. Weatherford looks for opportunities where it believes it has either i) superior market insight or ii) unique positioning to generate value creation opportunities throughout the investment holding period (or in some cases, at the onset of capital deployment). Weatherford believes it has made substantial and quantifiable impacts with past investments and the Adviser intends to continue with this active, hands-on strategy.

*Diligent Portfolio Management.* Weatherford takes a disciplined approach to portfolio management. In addition to thorough analysis at the outset of an investment, Weatherford takes a collaborative decision-making approach to develop a post-close plan of action and for ongoing portfolio monitoring. Weatherford's investment committee and full team both meet on a weekly basis to review investment progress and track ongoing successes or challenges. Additionally, Weatherford conducts a quarterly review of individual assets, including valuations and hypothetical exit analyses. This thorough and ongoing review of the portfolio allows Weatherford to maximize its impact as a value-added partner.

*Investment Access.* Weatherford maintains long-standing relationships with the managers of some of the world's most successful investment managers. As a means to further foster these relationships and cultivate additional proprietary, off-market co-investment opportunities, certain Funds may allocate a small portion of investable capital (no more than 10%) to fund of funds ("FoF") investments. FoF investing is not expected to be crucial to the Funds' investment thesis and is anticipated to be used primarily as a business development tool to generate proprietary investment opportunities core to the Funds' investment strategy while providing the Funds' investors exclusive and distinctive access to "world-class" investment managers operating across multiple industries.

#### **A. Risks Related to the Funds' Investment Program, Structure and Terms**

An investment with the Adviser involves a number of significant risks relating to investments in limited partnerships generally, and relating to the structure and investment objectives of the Funds in particular.

*Lack of Operating History.* The Adviser, the General Partners, and the Funds are newly formed and have little or no operating history. Limited Partners must rely upon the ability of the Adviser and the General Partner to identify, structure and implement investments consistent with the Funds' investment objectives and policies. The Funds may not have identified any particular investment at their initial closing and may be unable to find a sufficient number of attractive opportunities to meet their investment objectives or fully invest their committed capital.

While some of the Adviser's investment professionals have previously worked with each other, the Adviser's investment professionals do not have experience working together as a part of a single, coordinated enterprise as they do in connection with the conduct of the activities of the Funds and the General Partner. Difficulties in working together in such a setting could arise for a variety of reasons, including holding inconsistent views with respect to the attractiveness, valuation, structure, oversight or realization of one or more investments or potential investments of the Funds. Difficulties could also arise for reasons unrelated to the Funds' investment activities. If any of the Adviser's investment professionals or other investment and operating professionals associated with the Adviser or General Partner experience difficulties in working together, the investment performance of the Funds could be affected in a material and adverse manner. Additionally, there can be no assurance that all of the

professionals of the General Partner and the Adviser will continue to be associated with the Funds throughout the advisory relationship. The loss of the services of one or more members of the professional staff of the Adviser could have an adverse impact on the Funds' ability to realize their investment objective.

*Other Activities of the Key Persons.* The Key Persons are not required to devote all of their time to the affairs of the Funds and may advise and manage other investments and other funds. The performance of the Funds could be adversely affected by the other professional commitments of each Key Person.

*No Right to Participate in Management of the Funds, Passive Investments.* Limited Partners are precluded from active participation in making investment decisions with respect to the Funds and will have no right or power to take part in the management or control of the Funds and therefore must rely solely on the General Partner and the Adviser to conduct the Funds' affairs. Limited Partners will not receive the detailed financial information issued by portfolio companies that is available to the General Partner and the Adviser. Accordingly, no person should purchase Interests unless such person is willing to entrust all aspects of the management of the Fund to the General Partner and the Adviser.

*Projections.* The Funds will from time to time rely upon projections, forecasts or estimates developed by the Funds or a company in which the Funds are invested or are considering making an investment concerning the company's future performance and cash flow. Projections, forecasts and estimates are forward-looking statements and are based upon certain assumptions. Actual events are difficult to predict and beyond the Funds' control. Actual events may differ from those assumed. Some important factors that could cause actual results to differ materially from those in any forward-looking statements include changes in interest rates and domestic and foreign business, market, financial or legal conditions, among others. Accordingly, there can be no assurance that estimated returns or projections can be realized or that actual returns or results for the Fund or its portfolio companies will not be materially lower than those estimated or targeted therein.

*Competitive Marketplace.* The Funds will be competing for investment opportunities with a significant number of other private equity investment funds that invest in lower-middle-market investment opportunities, as well as business development companies, governments, individuals, financial institutions, family offices, institutional and strategic investors and other financial investors. Over the past several years, an increasing number of private equity funds have been or are being formed (and many existing funds have grown in size). Additional funds with similar investment objectives may be formed in the future by unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Funds and adversely affecting the terms upon which investments can be made. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, or more personnel than the Funds, the General Partner, the Adviser or their respective affiliates. Also, the availability of investment opportunities generally will be subject to market conditions. Other investors may make competing offers for investment opportunities that are identified, and even after an agreement in principle has been reached with respect to an investment, consummating the transaction is subject to a myriad of uncertainties, only some of which are foreseeable or within the control of the Funds. There can be no assurance that the Adviser will be able to identify and consummate suitable investment opportunities for the Funds, and, to the extent that the Funds encounter competition for investment opportunities, returns to Limited Partners may decrease, including as a result of higher pricing, forgoing opportunities, or negotiating fewer transactional protections in order to remain competitive. Additionally, the Funds may incur bid, due diligence, negotiating, consulting or

other costs on investments that may not be successful. As a result, the Funds may not recover all of their costs, which would adversely affect returns.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies.* Before making investments in any particular company, the Funds will typically conduct due diligence that they deem reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, environmental and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the Funds' reduced control of the functions that are outsourced. In addition, if the Funds are unable to timely engage third-party providers, their ability to evaluate and acquire more complex targets could be adversely affected. When conducting due diligence and making an assessment regarding a potential investment, the Funds will rely on the resources available to them, including information provided by the target of the investment and, in some circumstances, third-party investigations and/or consumer surveys. The due diligence investigation that the Funds carry out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in the investment being successful.

There can be no assurance that attempts to provide downside protection with respect to investments will achieve their desired effect, and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk. There can be no assurance that the Funds will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the investment on an ongoing basis or that any risk management procedures implemented by the General Partner will be adequate. In the event of fraud by any portfolio company or any of its affiliates, the Funds may suffer a partial or total loss of capital invested in that portfolio company. An additional concern is the possibility of material misrepresentation or omission on the part of the portfolio company or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Funds' investment in such portfolio company. The Funds will rely upon the accuracy and completeness of representations made by portfolio companies and in certain instances their former owners in the due diligence process when they make their investments, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment. In addition, conduct occurring at portfolio companies, even activities that occurred prior to the Funds' investment therein, could have an adverse impact on the Funds.

*Long-Term Investment.* The Funds are intended for long-term investment and for investors who can accept the risks associated with making highly speculative, primarily illiquid investments in privately negotiated transactions. The investments of the Funds are unlikely to provide current income, which is not an objective of the Funds. It is anticipated there will be a significant period of time (up to five (5) years or more from the date of the Funds' final closing date) before the Funds have completed their investment programs. Investments may typically take from three to seven (3 to 7) years from the date of initial investment to reach a state of maturity when realization of the investment can be achieved. Transaction structures may not provide liquidity for the Funds' investment prior to that time. In light of the foregoing, it is likely that no significant return from the disposition of the Funds' investments will occur for a significant period of time after the first closing of the Funds. Certain of the Funds' investments may not be disposed of in an advantageous manner prior to the date that the Funds will be dissolved, either by expiration of the Funds' term or otherwise. No assurance can be given in any such

circumstances that the Funds will have received a return of its invested capital or that the Funds will otherwise be able to exit its investments by sale or other disposition (at attractive prices or at all). In addition, losses on unsuccessful investments may be realized before realization of gains on successful investments. The return of capital and the realization of gains, if any, will generally occur only upon the partial or complete disposition of an investment.

*Concentration of Investments.* The Funds' portfolio is intended to be concentrated in a limited number of companies, the majority of which are, or have been identified from sources which are, located primarily in the Southeastern United States, increasing the vulnerability of the portfolio as compared with a portfolio that is more diversified. The performance of a few key holdings may substantially affect the Funds' aggregate return. Concentration within a limited geographic focus may involve risks greater than those of investment funds that invest across or source investments from a broader geographic area.

*Possibility of Fraud and Other Misconduct of Employees and Service Providers.* Misconduct by employees of the Adviser, service providers to the Adviser, or the Funds and/or their respective affiliates could cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation, regulatory enforcement or serious financial harm, including limiting the business prospects or future marketing activities of the Funds and noncompliance with applicable laws or regulations and the concealing of any of the foregoing. Such activities may result in reputational damage, litigation, business disruption and/or financial losses to the Funds. The Adviser has controls and procedures through which they seek to minimize the risk of such misconduct occurring. However, no assurances can be given that the Adviser will be able to identify or prevent such misconduct.

*Risks Associated with the Funds' Portfolio Companies.* Typically, although members of the General Partner or the Adviser will often serve on a portfolio company's board of directors, each portfolio company will be managed by its own officers (who generally will not be affiliated with the Funds, the Adviser or the General Partner). The Funds may hold minority positions in portfolio companies and may acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes. In such cases, the Funds will rely significantly on the existing management and boards of directors of such portfolio companies, which may include representatives of other investors with whom the Funds are not affiliated and whose interests or review may conflict with the interests of the Funds. Additionally, portfolio companies may have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage.

Portfolio companies may need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. The Funds' capital is limited and may not be adequate to protect the Funds from dilution in multiple rounds of portfolio company financings.

The public market for portfolio companies in which the Funds will invest is extremely volatile. Such volatility may adversely affect the development of portfolio companies, the ability of the Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Funds. In particular, the receptiveness of the public market to initial public offerings by the Funds' portfolio companies may vary dramatically from period to period. An otherwise successful portfolio company may yield poor investment returns if it is unable to consummate an initial public offering at



the proper time. The receptiveness of potential acquirers to the Funds' portfolio companies will vary over time and, even if a portfolio company is disposed of via a merger, consolidation or similar transaction, the Funds' stock, security or other interests in the surviving entity may not be marketable. There can be no guarantee that any portfolio company investment will result in a liquidity event via public offering, merger, acquisition or otherwise, and there is a significant risk that the Funds' investments will yield little or no return. Generally, the investments made by the Funds will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. At the time of the Funds' investment, a portfolio company may lack one or more key attributes (e.g., proven technology, appropriate patent protection, marketable product, complete management team, or strategic alliances) necessary for success. Many or most of the Funds' portfolio companies will be dependent for their success upon the development, implementation, marketing and customer acceptance of new technologies that can be rendered obsolete or otherwise unattractive at any time. In most cases, investments will be long term in nature and may require many years from the date of initial investment before disposition. It is likely that the Funds will still hold some illiquid securities at the time of the Funds' dissolution, with the result that such securities may be distributed in-kind, sold for a price that reflects their illiquid nature, or, if appropriate, due to law or no expected value, abandoned.

In some cases the Funds may be prohibited by contract or legal or regulatory reasons from selling certain securities or other instruments for a period of time (e.g., due to limitations on sale arising from contractual lockups, obligations to receive consent to transfer or assign interests, or rights of first offer), and as a result may not be permitted to sell portfolio companies at a time it might otherwise desire to do so. To the extent that there is no trading market for such portfolio companies, the Funds may be unable to liquidate those investments or may be unable to do so at a profit. Moreover, there can be no assurances that private purchasers of the Funds' portfolio companies will be found. In addition, practical limitations may inhibit the Funds' ability to liquidate certain of its investments in portfolio companies since the issuer will be privately held and the Funds will in certain cases own a relatively large percentage of the issuer's equity securities. Sales may also be limited by market conditions, which may be unfavorable for sales of securities of particular issuers. The above limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

*Adverse Consequences of Ownership of Controlling Interests in Portfolio Companies.* Even though the Funds do not expect to take a controlling position in a majority of its portfolio investments, the Funds may own a controlling percentage of the common equity of companies, which, depending upon the amount of equity owned by the Funds, contractual arrangements between the company and the Funds, and other relevant factual circumstances could result in an extension to one (1) year of the ninety (90) day bankruptcy preference period with respect to payments made to the Funds. In addition, because of its equity ownership, representation on the board of directors and/or contractual rights, the Funds may often be thought to control, participate in the management of or influence the conduct of its companies. This could expose the assets of the Funds to claims by a company, its other security holders, its creditors or governmental agencies.

*Need for Follow-On Investments.* Following its initial investment in a portfolio company, the Funds may determine to provide additional funds or otherwise increase its investment in such portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurances that the Funds will make any follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any determination by the Funds to not make a follow-on investment or its inability to make a follow-on investment may have a substantial negative effect on a portfolio company in need of such follow-on investment (including an event of default under applicable debt documents in the event

an equity cure cannot be made). Additionally, such determination or inability may result in a lost opportunity for the Funds to increase their participation in a successful portfolio company or the dilution of the Funds' ownership in a portfolio company to the extent that a third party invests in such portfolio company.

*Illiquidity of Portfolio Investments.* The Funds' investments may consist of securities that are subject to restrictions on sale under U.S. securities laws. Generally, the Funds will not be able to sell these securities publicly in the U.S. without the expense, time and other burdens required to register the securities under the Securities Act, or will be able to sell the securities only under Rule 144 or other rules under the Securities Act that permit only limited sales under specified conditions. When restricted securities are sold to the public, the Funds may be deemed a controlling person, or possibly an "underwriter," with respect thereto for the purpose of the Securities Act and be subject to liability as such under the Securities Act.

Sales may in the future be limited by market conditions, which may be unfavorable for sales of securities of particular issuers or issuers in particular industries. The limitations on liquidity of the Funds' investments could prevent a successful sale thereof, result in delay of any sale, or reduce the amount of proceeds that might otherwise be realized.

*Bridge Financings.* From time to time, the Funds may lend to portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always within the Funds' control, such 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 the Funds.

*Competition for Fund of Fund Investments.* The Funds may invest in any blind pool investment vehicle managed on a discretionary basis by a third party unaffiliated with the Adviser (each such investment, a "FoF Investment"). The activity of identifying and completing attractive FoF Investments is highly competitive and involves a high degree of uncertainty. The Funds may be competing for investments with other investment vehicles focused on FoF Investments, as well as financial institutions and other investors. Many of the Funds' competitors may have greater resources or different return criteria than the Funds, and may have greater access to investment opportunities or may make greater use of leverage, any of which may afford them a competitive advantage over the Funds in terms of ability to complete investments.

*Limitations in Fund of Fund Investments.* The FoF Investments the General Partner identifies may have been formed or organized to meet the specific regulatory, tax or ERISA objectives, which may not correspond to the objectives of the Funds. The General Partner may seek to structure a FoF Investment to address any applicable regulatory, tax or ERISA limitations or considerations, but may choose not to do so or may not be successful in doing so and may need to exclude the participation of one or more investors or categories of investors in the Funds, a Feeder Fund or a Parallel Fund from the investment. As a result, different investors in the Funds may experience different risk profiles, amounts and timing of contributions and distributions and returns on their investments in the Funds.

*Leverage.* The Funds do not intend to use leverage at the Fund level for investment purposes. However, the Funds may borrow money to finance a portfolio investment or a Fund expense (including the Management Fee) until the date that capital contributions with respect to that investment or Fund expense is received from investors. The Funds may secure such borrowings by mortgaging, pledging,

assigning or otherwise collateralizing any part of the assets of the Funds, including the right to receive capital contributions from Limited Partners.

Portfolio companies may incur leverage. Leverage may have important adverse consequences to these companies and the Funds as direct or indirect investors in these companies. The amount of a leveraged company's borrowings and the interest rates on those borrowings, which may fluctuate from time to time, as well as the fees and other costs of borrowing, may have a marked effect on a leveraged company's performance due to restrictive financial and operating covenants. Leverage may also impair such companies' ability to finance their future operations and capital needs. Although portfolio companies may incur leverage, proceeds of this debt may be paid as a dividend to stockholders and not invested in operating or financial assets, or otherwise retained by the company. A leveraged company's income and net assets will tend to fluctuate at a greater rate than if borrowed money were not used. Moreover, a portfolio company with a leveraged capital structure will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates or deterioration in the condition of that portfolio company or its industry. In the event that a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, the value of any equity investment by the Funds in such portfolio company could be significantly reduced or even eliminated.

*Foreign Currency Tax Effects and Hedging Transactions.* The Funds may invest in debt obligations denominated in currencies other than the U.S. dollar and in partnerships or other pass-through entities whose functional currency is not the U.S. dollar, and the Funds may, but are not required to, utilize currency hedging transactions to manage the risks associated with fluctuations in currency exchange rates; these investments and transactions may generate gains or losses attributable to changes in foreign currency exchange rates. Gains and losses attributable to changes in currency rates generally are treated as ordinary for U.S. federal income tax purposes unless the Funds qualify for and makes certain elections to change the character of such gains and losses. In the absence of such elections, the Funds could be required to treat as, and allocate to the Partners as, ordinary income the net amount of its gains on certain transactions to the extent attributable to changes in currency exchange rates.

*Assumption of Contingent Liabilities.* In connection with an investment, the Funds may assume, or acquire a portfolio company subject to, contingent liabilities. These liabilities may be material and may include liabilities associated with pending litigation, regulatory investigations, environmental actions, or payment of indebtedness among other things. To the extent these liabilities are realized, they may materially adversely affect the value of a portfolio company. In addition, if the Funds have assumed or guaranteed these liabilities, the obligation would be payable from the assets of the Funds, including the remaining commitments of Limited Partners.

*Contingent Liabilities on Disposition of Portfolio Companies.*

In connection with the disposition of an investment, the Funds and the General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations about the business and financial affairs of the company typical of those made in connection with the sale of a business, the conditions of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. The Funds may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded out of proceeds subsequently received by the Funds or out of capital not yet drawn down. In addition, Limited Partners may be required to pay to the Funds amounts that are required to be withheld by the Funds for tax purposes. In addition, a Limited

Partner may be required to indemnify the Funds with respect to any withholding tax liabilities of the Funds relating to such Limited Partner.

*Improvements in Portfolio Company Operations Critical to Investment Success.* The success of the Funds' investment strategy depends on the effectiveness of efforts to improve the operating performance of portfolio companies following investment. Initiatives that may need to be taken in an effort to achieve improvements in operating performance include, among others, introductions of new services or products, changes in sales, marketing and distribution methods, implementation of new sourcing arrangements, reductions in manufacturing, overhead and other costs, enhancements and changes in the management team and identification, consummation and integration of add-on acquisitions. The proper identification and implementation of initiatives important to the achievement of improved operating performance is difficult and often requires substantial resources. The capabilities and resources of a portfolio company, even with the assistance of the General Partner and the Adviser, may be insufficient to effect such proper identification and implementation, and there can be no assurance that portfolio companies will be successful in achieving improvements in operating performance. The failure to achieve improved operating results following investment is likely to lead to losses or poor returns on investment.

*Valuation of Investments.* There is expected to be no actively traded market for most of the Funds' portfolio companies. When estimating the fair value of portfolio companies for which no public market valuations exist, the Adviser will apply a methodology that, based on its judgment, is appropriate in light of the nature, facts and circumstances of the investments. Ensuring that portfolio investments are fairly valued is an important focus of the Adviser; however, the valuation of such investments will be difficult, may be based on imperfect information and is subject to inherent uncertainties, and the resulting values may differ from values that would have been determined had a ready market existed for such investments, from values placed in such investments by other investors and from prices at which such investments may ultimately be sold. In addition, third-party pricing information may at times not be available regarding certain of the Funds' assets or, if available, may not be considered reliable. Valuations of the Funds' investments will nevertheless impact the Adviser's track record, the timing of Carried Interest Distributions, and the calculation of Management Fees and, therefore, the General Partner has incentives that may not align with the Funds or the Limited Partners.

*Investment in Restructurings.* The Funds may, particularly in the context of a follow-on investment, invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing or expected to experience significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Funds may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Funds invested. Further, such investments could, in certain circumstances, subject the Funds to certain additional potential liabilities that may exceed the value of the Funds' original investment therein. For example, under certain circumstances, a lender who has inappropriately exercised control over 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 Funds and distributions by the Funds to the Limited Partners may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, preferential payment or 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.

*Debt Securities.* While the Funds will invest primarily in equity securities, they may invest in debt securities of existing or new portfolio companies or other issuers in instances where the General Partner believes it would be beneficial for the Funds to do so. Debt securities are subject to creditor risks, including the possible invalidation of an investment transaction as a "fraudulent conveyance" under relevant creditors' rights laws and so-called lender liability claims by the issuer of the obligations. Further, the laws with respect to creditors and other investors in non-U.S. jurisdictions may not be as comprehensive or as well-developed as in the United States, and the procedures for the judicial or other enforcement of such rights may not be as effective as in the United States, and conflicts of interest could arise in the event that the Funds and/or their affiliates own both debt and equity securities of the portfolio company. Additionally, adverse credit events with respect to any portfolio company, such as missed or delayed payment of interest and/or principal, bankruptcy, receivership, or distressed exchange, can significantly diminish the value of the Funds' investment in any such company. The Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions, which, in each case, could result in the issuer repaying the principal on an obligation held by the Funds earlier than expected. In addition, depending on fluctuations of the equity markets, warrants and other equity securities may become worthless. Accordingly, there can be no assurance that the Funds' rate of return objectives will be realized. Any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds already secured.

*Multi-Step Transaction.* In the event that the Funds determine to effect an investment in a portfolio company by means of a multi-step transaction (e.g., a first-step cash tender offer, a stock purchase followed by a merger, or a simultaneous acquisition and concurrent merger of two separate companies), there can be no assurance that the remainder of such portfolio company can be successfully acquired. As a result, the Funds may acquire only partial control over such a portfolio company or partial access to its cash flows to service any debt incurred in connection with its acquisition.

*Investment in Junior Securities.* The securities in which the Funds will 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 Funds' investments once made.

*Investments in Less Established Companies.* The Funds may invest in the securities of less established companies or early stage companies. Investments in such early stage companies may involve greater risks than are generally associated with investments in more established companies. Less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. Start-up enterprises may not have significant or any operating revenues, and any such investment should be considered highly speculative and may result in the loss of the Funds' entire investment.

*Investments in Pass-Through Entities.* The Funds' investment portfolio may include interests in one or more "pass-through entities" for U.S. federal income tax purposes. The Funds' investment in

an entity that is treated as a pass-through entity could result in (i) the generation of taxable income for the Funds and their Partners, even though they will not necessarily receive the cash flow related to such taxable income; (ii) the generation of “unrelated business taxable income” for tax-exempt investors and income that is effectively connected with a U.S. trade or business (including, without limitation, as a result of the Funds’ direct or indirect investments in pass-through entities or in “United States real property interests”) for non-U.S. Partners; and (iii) the treatment of the Funds (and therefore their Partners, including non-U.S. Partners) as being engaged in the conduct of a United States trade or business. The General Partner may establish one or more alternative investment structures and/or Parallel Funds that would generally make investments into operating businesses that are treated as pass-through entities through one or more “blocker” entities that are treated as corporations for U.S. federal income tax purposes. Prospective investors should consult their tax advisors in this regard.

*Investments in the Consumer Industry.* The Funds may invest in the consumer industry. portfolio companies in the consumer industry face significant competition and depend on their ability to differentiate themselves in an ever-changing market environment. The competitive environment for any portfolio company may intensify as (new) competitors enter its market (including, e.g., through online retail) or enter into business combinations or alliances. Competition is characterized by many factors, including assortment, advertising, price, quality, service, location, reputation and credit availability. Any failure by a portfolio company to compete effectively could negatively affect such business and results of operations.

As consumers continue to migrate online, companies in the consumer industry face pressures to not only compete from a price perspective with their competitors, some of whom sell the same products, but also to differentiate themselves to stay relevant in the industry. A portfolio company may have to invest significantly in its sales capabilities (including online) in order to provide a seamless shopping experience to customers. Insufficient, untimely or misguided investments in this area could negatively impact the portfolio company’s ability to attract new customers as well as maintain its existing ones and thus negatively affect such portfolio company’s profitability, growth and, ultimately, value.

*Investments in the Health Care Industry.* The Funds may invest in the health care industry. Various segments of the health care industry are (or may become) (i) highly regulated at both the federal and state levels in the U.S. and internationally, (ii) subject to frequent regulatory change and (iii) dependent upon various government or private insurance reimbursement programs. While the Funds may make investments in companies that comply with relevant laws and regulations, certain aspects of their operations may not have been subject to judicial or regulatory interpretation. An adverse review or determination by any one of such authorities, or an adverse change in the regulatory requirements or reimbursement programs, could have a material adverse effect on the operations of the companies in which the Funds invest. Recent legislative changes have had, and will likely continue to have, a significant impact on the health care industry. In addition, various legislative proposals related to the health care industry are introduced from time to time at the U.S. federal and state level, and any such proposals, if adopted, could have a significant impact on the health care industry.

In addition, the health care industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which the Funds invest.

Many companies in the health care industry depend heavily on intellectual property rights, including patents, trademarks and servicemarks. The ability to effectively enforce patent, trademark and other intellectual property laws will affect the value of many of these companies. Patent disputes are frequent and can preclude commercialization of products, and patent litigation is costly and could subject a portfolio company to significant liabilities to third parties. The presence of patents or other proprietary rights belonging to other parties may lead to the termination of the research and development of a portfolio company's particular product.

*Investment in New Technologies.* The Funds may invest in new technologies. While investments in newly developing technologies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk than more developed technologies. Certain new technologies are more costly and time-consuming to reach viability and such companies may have difficulty establishing a market presence. Developing technologies are also more likely to have undeveloped regulatory frameworks, and therefore there is a greater risk that regulatory developments may adversely affect the industry.

*Service on Boards of Directors, Material Non-Public Information, Etc.* Individual members of the General Partner and the Adviser may serve as officers or directors of portfolio companies. In their capacity as officers or directors (or even simply by virtue of the Funds' status as a significant shareholder of a portfolio company), such individuals may become subject to fiduciary or other duties that adversely affect the Funds. For example, the Funds may be unable to sell or otherwise dispose of an investment if a member of the General Partner is in possession of material, non-public information relating to the issuer thereof. Nevertheless, the Partnership Agreement will not preclude members of the General Partner or the Adviser from serving as officers or directors of portfolio companies or otherwise acquiring material, non-public information regarding portfolio companies. Conversely, the Partnership Agreement will not require that members of the General Partner or the Adviser serve as officers or directors of portfolio companies, and there can be no assurance that the General Partner or the Adviser will have a legal right to influence the management of any portfolio company.

*Availability of Insurance against Certain Catastrophic Losses.* The General Partner or the Adviser may seek to require portfolio companies to obtain liability, fire, flood, extended coverage and rental loss insurance with insured limits and policy specifications that they believe are customary for similar investments. However, certain losses of a catastrophic nature, such as wars, natural disasters, infectious disease outbreaks or pandemics (such as the novel coronavirus outbreak that arose in China in December 2019 and continues to spread internationally (COVID-19)), terrorist attacks, or other similar events may be either uninsurable or insurable at such high rates that to maintain such coverage would cause an adverse impact on the related investments. In general, losses related to terrorism are becoming harder and more expensive to insure against. Most insurers are excluding terrorism coverage from their all-risk policies. In some cases, the insurers are offering significantly limited coverage against terrorist acts for additional premiums that can greatly increase the total costs of casualty insurance for a portfolio company. As a result, not all portfolio companies may be insured against terrorism. If a major uninsured loss occurs, the Funds could lose both invested capital in and anticipated profits from the affected portfolio company.

*Distributions In-Kind.* Although, under normal circumstances, the Funds intend to make distributions in cash, it is possible that under specific circumstances (including the liquidation of the Funds), distributions may be made in kind and could consist of securities for which there is no readily available public market.

*Use of Alternative Investment Vehicles.* In order to address legal, tax, regulatory, accounting or other similar considerations, the General Partner may cause certain of the Funds' investments to be held outside of the Funds through one or more alternative investment vehicles and may require the Partners to make such investments directly or indirectly through one or more such alternative investment vehicles. While the economic, governance and other substantive provisions governing any alternative investment vehicle are intended to be materially the same as those of the Funds taking into consideration the legal, tax, regulatory, accounting or other result intended to be achieved, the rights of the Limited Partners in, and the obligations and duties of the General Partner as manager of the alternative investment vehicle, may differ from those applicable to the Funds by virtue of the specific terms or jurisdiction of establishment of the alternative investment vehicle. In addition, the structural attributes of certain alternative investment vehicles may result in divergent return characteristics for certain Limited Partners.

*Co-Investment Vehicles.* The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. 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 the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of their third-party co-venturer or partner. Moreover, the formation and operation of one or more co-investment vehicles may cause certain conflicts of interest. Please see further disclosure below "Conflicts Relating to Co-Investment Opportunities."

*Formation of New Partnerships.* Pursuant to the terms of the Partnership Agreement, the General Partner may, under certain conditions, establish additional investment funds that may be competitive with the Funds, and there can be no assurance that the creation of such additional funds will not give rise to conflicts of interest between the limited partners of the respective partnerships.

*General Partner's Incentive Distributions.* The fact that the General Partner's incentive distributions are based on the performance of the Funds may create an incentive for the General Partner to make investments that are more speculative than would be the case in the absence of such distributions, but this incentive is somewhat tempered by the fact that losses will reduce the Funds' performance and the General Partner's incentive distributions and co-investment capital.

*Reinvestment.* Subject to the terms of the Partnership Agreement, the Funds are entitled to reinvest and/or distribute and recall distributions received from its investments. This can result in the Funds making investments with a cost basis greater than the capital committed by the Partners, and could result in losses on reinvested amounts.

*Indemnification.* The Partnership Agreement contains provisions that may provide a broader indemnification of the General Partner, the Adviser, any of their respective officers, directors, partners, managing directors, stockholders, members, other equity holders, employees or controlling persons, or members of the Limited Partner Advisory Committee ("LPAC"), or any Limited Partner that has designated a member of the LPAC, against claims or lawsuits arising out of the Funds' activities than would apply in the absence of these provisions. In addition, the General Partner may purchase insurance, at the expense of the Funds, against any liability asserted or incurred by the General Partner and any other indemnified person in any such capacity, whether or not the Funds would have the power to indemnify any such indemnified person against such liability under the Partnership Agreement.



*Operating Expenses.* The Funds will pay and bear all expenses related to their operations (the “Operating Expenses”). The amount of these Operating Expenses will be substantial and will reduce the actual returns realized by Limited Partners on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds in investments). Operating Expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of Operating Expenses ultimately called or called at any one time may exceed expectations. As described further in the Partnership Agreement, Operating Expenses encompass a broad swath of expenses and include all expenses of operating the Funds. Although the costs and expenses of organizational expenses are separately categorized, ongoing Operating Expenses to be borne by the Partners and not classified as Organizational Expenses include costs that relate to organizational matters. Expenses to be borne by the General Partner and/or the Adviser are only limited to those items specifically enumerated in the Partnership Agreement, and all other costs and expenses in operating the Funds will be borne by the Limited Partners. In addition, the Adviser and its personnel can be expected to receive certain intangible and/or other benefits and/or prerequisites arising or resulting from their activities on behalf of the Funds, which will not be subject to Management Fee offset or otherwise shared with the Funds, Limited Partners and/or portfolio companies. For example, airline travel or hotel stays incurred as Operating Expenses may result in “miles” or “points” or credit in loyalty/status programs, and such benefits and/or amounts will, whether or not de minimis or difficult to value, inure exclusively to the Adviser and/or such personnel (and not the Funds, Limited Partners and/or portfolio companies) even though the cost of the underlying service is borne by the Funds and/or portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described herein. In addition, airline travel incurred as an Operating Expense for a General Partner personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such personnel to the extent the trip also serves a personal purpose.

From time to time, the General Partner will be required to decide whether costs and expenses are to be borne by the Funds, on the one hand, or the General Partner on the other, and/or whether certain costs and expenses should be allocated between or among the Funds, on the one hand, a Feeder Fund or Parallel Fund, on the other hand. The General Partner will make allocation decisions on a fair and reasonable basis using its good faith judgment. The General Partner will make such judgments notwithstanding its interest in the outcome and may make corrective allocations, based on periodic reviews, should it determine that such corrections are necessary or advisable. Travel and related expenses described herein include, without related accommodation, dining, entertainment fees and expenses, black car transportation and first class and/or business class commercial airfare, whether actually incurred or incurred as the deemed cost of using or chartering private aircraft or other private air travel (including the use of a private aircraft owned or partially owned by the Adviser, any of its affiliate or any of their respective owners).

In addition, the General Partner may withhold from any distributions amounts necessary to pay Operating Expenses or to create, in its discretion, reasonable and appropriate reserves for expenses and liabilities, including, without limitation, Operating Expenses, which will reduce the amount of capital available for distributions to the Partners.

*Environmental, Social and Governance Matters.* While ESG is only one of the many factors the General Partner will consider in making an investment, there is no guarantee that the General Partner will successfully implement and make investments in companies that create positive environmental, social or governance (“ESG”) impact while enhancing long-term shareholder value and achieving financial returns. To the extent that the General Partner engages with companies on ESG-related

practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of the General Partner will depend on the General Partner's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on the General Partner's view of certain ESG-related and other factors, and carries the risk that the General Partner may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by the General Partner.

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

*No Market for the Interest.* Interests in the Funds will not be registered under the Securities Act, or any other applicable securities laws of any state or non-U.S. jurisdiction and will not ordinarily be capable of being withdrawn and/or transferred. See "Certain Tax, Legal and Other Considerations—U.S. Securities Laws." Interests may not be assigned without the prior written consent of the General Partner, which consent may be granted or withheld in its sole discretion. An investment in a Fund is a long-term commitment. It is anticipated that there will be a significant period of time (up to five (5) years or more) before the Fund will have completed its investing in portfolio companies. There is no market for the Interests and none is expected to develop. Interests are not redeemable and voluntary withdrawals are not permitted except in limited circumstances, as in the case of Limited Partners subject to ERISA under certain conditions. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of the Funds' term and must be prepared to bear the risks of an investment in the Funds for an extended period of time.

*Adverse Amendments.* The General Partner, with the consent of a majority-in-interest of the Limited Partners (or as otherwise set forth in the Partnership Agreement), may amend certain provisions of the Partnership Agreement. Subject to certain limitations set forth in the Partnership Agreement, such amendments may have adverse effects on certain Limited Partners.

*Dilution from Subsequent Closings.* Limited Partners admitted to, or that increase their respective capital commitments to, the Funds at subsequent closings generally will participate in then-existing investments of the Funds, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions, there can be no assurance that this contribution will reflect the fair value of the Funds' existing investments at the time of such contributions.

*Conflicting Interests of Limited Partners.* The Funds are likely to have a diverse range of Limited Partners that may have conflicting interests stemming from differences in investment

preferences, tax status, and regulatory status. The General Partner will consider the objectives of the Funds and the Limited Partners as a whole when making investment decisions with respect to the selection, structuring, and sale of portfolio investments. However, such decisions may be more beneficial for one Limited Partner than for another Limited Partner.

*LPAC.* The Partnership Agreement will contain certain protections for investors against conflicts of interest faced by the General Partner, but will not purport to address all types of conflicts that may arise. Under the Partnership Agreement, certain transactions that involve conflicts of interest between the General Partner and the Funds may be submitted to the LPAC for resolution. However, the LPAC will not necessarily represent the interests of all the Limited Partners and the members of the LPAC may themselves be subject to various conflicts of interest. Representatives of the LPAC may have various business and other relationships with the Adviser, the General Partner and their respective members, partners, employees and affiliates or with any of the portfolio companies or prospective portfolio companies. These relationships may influence their decisions as members of the LPAC. The Partnership Agreement will provide that, to the fullest extent permitted by applicable law, none of the LPAC members shall owe any fiduciary duties to the Funds or any other Partner. In general, the Limited Partners will not be entitled to control the selection of members of the LPAC.

*Effects of Excuse and Exclusion.* A Limited Partner's participation in an investment may be limited by virtue of the General Partner's right to exclude a Limited Partner from, or a Limited Partner's right to be excused from, participating in certain investments as set forth in the Partnership Agreement, thereby increasing the participation of other Limited Partners. As a consequence of one or more Limited Partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of even one investment by the Funds. The performance of one or more substantial investments may have a significant impact on the overall performance of the Funds.

*Government Plan Partners.* The General Partner may be required to make certain representations and covenants with respect to campaign contributions, use of placement agents or similar activities in connection with an investment in the Funds by certain investors such as state or local entities, including investments by public retirement funds. The Partnership Agreement and Side Letters entered into with Limited Partners may provide such Limited Partners with certain rights related to such matters (including, without limitation, certain excuse and withdrawal rights) that are not available to other Limited Partners and which may, under certain circumstances, be contrary to the best interests of the Funds. In addition, applicable laws may provide such Limited Partners certain excuse and conditional withdrawal rights from the Funds.

*Failure to Make Capital Contributions.* If a Limited Partner fails to pay when due installments of its capital commitment to the Funds, and the contributions made by non-defaulting Limited Partners and borrowings by the Funds are inadequate to cover the defaulted capital contribution, the Funds may be unable to pay their obligations when due. As a result, the Funds may be subjected to significant penalties that could materially adversely affect the returns to the Limited Partners (including non-defaulting Limited Partners). In addition, the non-defaulting Limited Partners may be required to increase their contributions to the investment, resulting in the defaulted capital contribution and in respect of subsequent investments that, in turn, will increase the concentration of such Limited Partner's investment in the Funds and increase such Limited Partner's risk of loss. The Partnership Agreement provides for significant adverse consequences in the event a Limited Partner defaults on its capital commitment or any other payment obligation. In addition to losing its right to potential distributions from the Funds, a defaulting Limited Partner may be forced to sell its interest in the Funds to a Person designated by the General Partner at a discounted price as set forth in the Partnership Agreement.

*Side Letters.* The Funds and/or the General Partner may enter into Side Letters with certain Limited Partners in connection with their admission, without the approval of any other Limited Partner, which would have the effect of establishing rights under or altering or supplementing the terms of this Memorandum, the Partnership Agreement and the subscription agreement with respect to such Limited Partner in a manner more favorable to such Limited Partner than those applicable to other Limited Partners. Such rights or terms in any such Side Letters may include, without limitation, (i) excuse rights applicable to particular types of investments (which may increase the percentage interest of other Limited Partners in, and contribution obligations of, other Limited Partners with respect to, such investments); (ii) the General Partner's agreement to extend certain information rights or additional reporting to such Limited Partner, including, without limitation, to accommodate special regulatory or other circumstances of such Limited Partner; (iii) waiver or modification of certain confidentiality obligations and/or documentation that might be requested by the General Partner for the benefit of lenders or other persons extending credit to or arranging financing for the Funds; (iv) consent of the General Partner to certain transfers by such Limited Partner or other exercises by the General Partner of its discretionary authority under the Partnership Agreement for the benefit of such Limited Partner; (v) restrictions on, or special rights of such Limited Partner with respect to the activities of the General Partner; (vi) withdrawal rights (subject to consent of the General Partner) due to legal, regulatory or policy matters, including matters related to political contributions, gifts and other such policies; (vii) other rights or terms necessary in light of particular legal, regulatory or public policy characteristics of a Limited Partner; (viii) economic arrangements; (ix) matters regarding such Limited Partner's right to participate in co-investment opportunities; or (x) additional obligations, and restrictions of the Funds with respect to the structuring of any investment (including with respect to alternative investment vehicles). If the General Partner and/or the Funds enter into a Side Letter entitling a Limited Partner to opt out of a particular investment or withdraw from the Funds, any election to opt out or withdraw by such Limited Partner may increase any other Limited Partners' pro rata interest in that particular investment (in the case of an opt-out) or all future investments (in the case of a withdrawal), increasing such other Limited Partners' risk of loss. Any rights or terms so established in a Side Letter with a Limited Partner will govern solely with respect to such Limited Partner (but not any of such Limited Partner's assignees or transferees unless so specified in such Side Letter) and will not require the approval of any other Limited Partner notwithstanding any other provision of the Partnership Agreement.

*Legal Counsel.* Ropes & Gray LLP currently serves as counsel ("Counsel") for the Funds, the General Partner and the Adviser. Counsel renders legal services to the Funds, the General Partner and the Adviser and has not been engaged by the Funds, the General Partner, the Adviser or their affiliates to represent the interests of any Limited Partner in the Funds. No independent counsel has been retained to represent the Limited Partners. In the event of a significant dispute or divergence of interest between the Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required.

Prospective investors should seek their own legal, tax and financial advice before making an investment in the Funds. Counsel may be removed by the General Partner at any time without the consent of, or notice to, the Limited Partners. In addition, Counsel does not undertake to monitor the compliance of the Funds, the General Partner, the Adviser or their affiliates with the investment program, investment strategies, investment restrictions and other guidelines and terms set forth in this Memorandum and the Partnership Agreement, nor does Counsel monitor compliance with applicable laws. Counsel has not investigated or verified the accuracy and completeness of information set forth in this Memorandum concerning the General Partner, the Adviser or their affiliates and personnel.

## **B. Risks Related to General Market Conditions**

*Financial Market Fluctuations.* The success of the Funds' activities will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in laws (including laws relating to taxation of the portfolio investments), trade barriers, currency exchange controls, and national and international political, environmental and socioeconomic circumstances (including wars, terrorist acts or security operations and actual or threatened epidemics or pandemics, such as the novel coronavirus outbreak (COVID-19)). Such events may lead to continued or increased short-term market volatility and have adverse long-term effects on world economies and markets generally, as well as adverse effects on issuers of securities and the value of the Funds' investments. Such events have led, and in the future may lead, to increased short-term or long-term market volatility and may have adverse long-term effects on world economies and markets generally. Such market disruption events as well as other changes in world economic and political conditions also could adversely affect individual issuers or related groups of issuers, securities markets, interest rates, credit ratings, inflation, investor sentiment and other factors affecting the value of the portfolio investments. At such times, the Funds' exposure to a number of other risks described elsewhere in this section can increase.

In addition, any outbreak of infectious disease, including most recently, the coronavirus (COVID-19), or other similarly infectious diseases may result in the closure of the Adviser's and/or a portfolio company's offices or other businesses, including disruptions to counterparties and suppliers of portfolio companies. There could also be associated effect on other areas, including (i) the lack of availability or price volatility of materials or component parts necessary to a portfolio company's business, (ii) disruption of regional or global trade markets and/or the availability of capital or financing, (iii) trade or travel restrictions which impact a portfolio company's business and/or (iv) a general economic decline. Factors, including these, may have a material adverse impact on the Funds' investments or the Funds' ability to source new investments. Instability in the securities markets will also likely increase the risks inherent in the portfolio investments. There can be no assurance that economic and market conditions will be favorable in respect of both the investment and disposition activities of the Funds during the Funds' term. The spread of COVID-19, or other similar infectious diseases, among the General Partner's personnel has the potential to significantly affect the General Partner's ability to properly oversee the affairs of Funds (particularly to the extent such impacted personnel include key investment professionals or other members of senior management), resulting in the possibility of temporary or permanent suspension of a Funds' investment activities or operations. Private and governmental efforts to prevent the further spread of COVID-19, or other similar infectious diseases, through travel restrictions and cancellation or suspension of industry events may adversely affect the General Partner's ability to source potential investment opportunities for the Funds and to gain meaningful insights in order to properly evaluate the risk/reward potential of investing in a particular industry sector or market.

Global financial markets have in the past experienced periods of unprecedented turmoil. During the financial crisis of 2008, the debt and equity capital markets in the U.S. were negatively impacted by significant write-offs in the financial services sector relating to subprime mortgages and the re-pricing of credit risk in the broader market, among other things. These events, along with the deterioration of the housing market, the failure of major financial institutions and the concerns that other financial institutions as well as the global financial system were also experiencing severe economic distress materially and adversely impacted the broader financial and credit markets and reduced the availability of debt and equity capital for the market as a whole and financial firms in particular. These events contributed to severe market volatility and caused severe liquidity strains in the credit markets. Volatile financial markets can expose the Funds to greater market and liquidity risk.

Similar (or worse) events may happen again and create volatile financial markets. Moreover, it remains unknown whether governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) will have a positive or negative effect on market conditions.

*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, without limitation, acts of God, fire, flood, earthquakes, outbreaks of an infectious disease, pandemic or any other serious public health concern (such as the novel coronavirus outbreak (COVID-19)), war, terrorism and labor strikes). Some force majeure events may adversely affect the ability of a party (including a portfolio company or a counterparty to the Funds 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 the Funds 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 Funds 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 the Funds, including if their investment in such portfolio company is canceled, unwound or acquired (which could be without what the Funds consider to be adequate compensation). Any of the foregoing may therefore adversely affect the performance of the Funds and their portfolio investments.

*Cyber Security Risk.* With the increased use of technologies such as the internet and the dependence on computer systems to perform necessary business functions, investment vehicles such as the Funds and their service providers may be prone to operational and information security risks resulting from cyber-attacks. In general, cyber-attacks result from deliberate attacks, but unintentional events may have effects similar to those caused by cyber-attacks. Cyber-attacks include, among other behaviors, stealing or corrupting data maintained online or digitally, denial-of-service attacks on websites, the unauthorized release of confidential information and causing operational disruption. Successful cyber-attacks against, or security breakdowns of, the Funds, the General Partner, the Adviser and/or other third-party service providers may adversely impact the Funds or the Limited Partners. For instance, cyber-attacks may interfere with the processing of Limited Partner transactions, impact the Funds' ability to value its assets, cause the release of private Limited Partner information or confidential information of the Funds, impede trading, cause reputational damage, and subject the Funds to regulatory fines, penalties or financial losses, reimbursement or other compensation costs, and/or additional compliance costs. The Funds may also incur substantial costs for cyber security risk management in order to prevent any cyber incidents in the future. The Funds and the Limited Partners could be negatively impacted as a result. While the Funds or the Funds' service providers have established business continuity plans and systems designed to prevent such cyber-attacks, there are inherent limitations in such plans and systems, including the possibility that certain risks have not been identified. Similar types of cyber security risks are also present for issuers of securities or other instruments in which the Funds invest, which could result in material adverse consequences for such issuers, and may cause the Funds' investment therein to lose value. In the event that the Funds incur any liabilities as a result of a cyber security breach, including due to wire fraud, the General Partner, the Adviser and their respective affiliates will not be liable to the Funds for such liabilities unless such cyber security breach, including due to wire fraud, is directly attributable to the gross negligence or willful misconduct of the General Partner, the Adviser or their respective affiliate, as the case may be.

### **C. Risks Related to Regulatory and Legal Environment**

*Regulatory Risks.* Legal, tax and regulatory changes could occur during the term of the Funds that may have an adverse impact on the Funds. In addition to the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act (the “Dodd-Frank Act”), new laws or revised regulations may be imposed by the Securities and Exchange Commission (the “SEC”), the U.S. Federal Reserve or other banking regulators, other governmental regulatory authorities or self-regulatory organizations that supervise the financial markets that could adversely affect the Funds. The Funds may also be adversely affected by changes in the enforcement or interpretation of existing statutes and rules by these governmental regulatory authorities or self-regulatory organizations.

The Funds may invest in portfolio companies that operate in a highly regulated environment and are subject to extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance may directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio companies that are subject to regulation; failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which may have material adverse effects. Additionally, foreign investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude foreign investment above certain ownership levels or in certain sectors of the country’s economy and increase the costs and expenses of the Funds. While regulation of foreign investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by foreign investors and foreign currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Funds, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Funds invest or in other jurisdictions.

The regulatory environment for private investment funds is evolving, and potential changes in the regulation of private investment funds may adversely affect the value of the investments held by the Funds and the ability of the Funds to execute their investment strategy.

*Absence of Regulatory Oversight.* The Funds have not registered and do not intend to register with the SEC as an investment company pursuant to the Investment Company Act in reliance upon an exemption available to privately offered investment companies and, accordingly, the provisions of the Investment Company Act are not applicable to the Funds.

If the SEC or a court of competent jurisdiction were to find that the Funds are required to have, but in violation of the Investment Company Act had failed to, register as an investment company, possible consequences include, but are not limited to, the following: (i) the SEC could apply to a district court to enjoin the violation; (ii) investors in the Funds could sue the Funds and recover any damages caused by the violation; and (iii) any contract to which the Funds are a party that is made in, or whose performance involves, a violation of the Investment Company Act would be unenforceable by any party to the contract unless a court were to find that, under the circumstances, enforcement would produce a more equitable result than non-enforcement and would not be inconsistent with the purposes of the Investment Company Act. Should the Funds be subjected to any or all of the foregoing, the Funds would be materially and adversely affected.

In addition, neither the General Partner nor the Adviser is registered as a broker-dealer under the U.S. Securities and Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder (the “Exchange Act”) or with the Financial Industry Regulatory Authority (“FINRA”) and, consequently, neither the General Partner nor the Adviser is subject to the record-keeping and specific business practice provisions of the Exchange Act and the rules of the FINRA.

*Enhanced Scrutiny and Regulation of the Private Equity and Financial Services Industries.* The Funds’ ability to achieve its investment objectives, as well as the ability of the Adviser to conduct its operations, is based on laws and regulations that are subject to change through legislative, judicial or administrative action and could be adversely affected by future legislative, judicial or administrative action.

There has been significant discussion recently regarding enhanced governmental scrutiny and increased regulation of the private investment fund and financial services industries. In the aftermath of the global financial crisis in 2008, there have been unprecedented legislative and regulatory actions taken by numerous governments and their agencies. This enhanced oversight and regulation, and the need for significant additional rule-making by various governmental bodies, has created uncertainty in the financial markets, including the private fund industry. Many of the regulators to which the Funds, the General Partner, the Adviser 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 the Funds, the General Partner, the Adviser or their respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the Funds, the General Partner, the Adviser or their respective affiliates’ reputations, which may adversely affect the Funds’ investment performance by hindering its ability to obtain favorable financing or consummate a potentially profitable investment.

In the United States, the Dodd-Frank Act, which was enacted in 2010, significantly revises and expands the rulemaking, supervisory and enforcement authority of U.S. federal bank, securities and commodities regulators. It is still unclear how these regulators will exercise these revised and expanded powers and the extent to which their rulemaking, supervisory or enforcement actions will adversely affect the Funds. A key feature of the Dodd-Frank Act is the extension of prudential regulation by the Board of Governors of the Federal Reserve System (the “Federal Reserve”) to financial institutions that are not currently subject to such regulation but that potentially pose risk to the financial system. The Dodd-Frank Act also imposes a number of restrictions on the relationship and activities of banking organizations with private equity and hedge funds and other provisions that will affect the alternative asset management industry, either directly or indirectly. Provisions of the Dodd-Frank Act may be the subject of significant modification or repeal under the Trump administration. While it may be some time until the Dodd-Frank Act reforms are broadly implemented and the direct and indirect impact of this legislation is fully understood, it is clear that most advisors to private equity funds, as well as most hedge funds and other private pools of capital, are affected. The Dodd-Frank Act, as well as future related legislation, may have an adverse effect on the alternative asset management industry generally and on the Adviser, the General Partner or the Funds, specifically.

The regulatory environment for private investment funds is evolving, and changes in the regulation of private investment funds may adversely affect the value of investments held by the Funds and the ability of the Funds to effectively employ their investment strategy. Increased scrutiny and potential legislation applicable to private investment funds and their sponsors may also impose significant administrative burdens on the Adviser and may divert time and attention from portfolio



management activities. In addition to, and in particular in light of, the changing global regulatory climate, the Adviser, the General Partner and/or the Funds may be required to register under certain foreign laws and regulations, and need to engage distributors or other agents in certain non-U.S. jurisdictions in order to market interests to potential investors. The effect of any future regulatory change(s) on the Funds could be substantial and adverse.

*HSR Act Regulation and Enforcement.* The growth of the private equity industry and the increasing size and reach of private equity transactions has prompted additional governmental attention to the industry and its practices. Acquisition by the Funds of equity securities may result in reporting and compliance obligations under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”). Compliance with the HSR Act could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating the Funds, and/or infringe upon the ability of the Funds to engage in certain transactions.

*Portfolio Company Pension Liability and Other Considerations.* As a result of its equity ownership, representation on the board of directors and/or contractual rights, the Funds may be deemed to control, participate in the management of or influence the conduct of one or more of its portfolio companies. This could expose the assets of the Funds to claims by a portfolio company, its other security holders, its creditors or governmental agencies. In addition, if the Funds hold 80% or more of the interests in a portfolio company and the Funds are found to be a “trade or business” under ERISA, a court could find that the Funds are jointly and severally liable with the portfolio company for any withdrawal liability with respect to a multiemployer pension plan that the portfolio company withdraws or is deemed to withdraw from. There is also a risk that the Funds could be deemed to be part of a “partnership-in-fact” with certain co-investors based on joint investment and other activities. This is currently an unsettled area of law, which is subject to recent litigation in the First Circuit Court of Appeals and ongoing litigation in the district courts, and significant questions remain regarding the potential application of these theories to similar factual situations. If the Funds were to be deemed a “trade or business” with the requisite level of ownership of an investment, either alone or in concert with other investors, the Funds could face liability with respect to the pension plans of their portfolio companies. In addition, it is possible that a court could expand this theory to cause multiple portfolio companies of the Funds to be treated as a controlled group or under common control, and thereby be liable for these funding obligations.

*Tax Legislation Adversely Affecting Employees and Other Service Providers.* Tax legislation enacted in December 2017 (the “Tax Act”) has made substantial changes to U.S. federal income tax laws, including providing that if certain holding period requirements are not met, allocations with respect to, and gain on the sale of, certain investment services partnership interests (including the General Partner’s entitlement to Carried Interest Distributions) will be subject to higher rates of U.S. federal income tax than was the case under prior law. These new holding period requirements could affect investment decisions, including the timing and structure of dispositions and whether to pursue other realization events during the holding period of an investment, such as non-liquidating distributions, and could adversely affect returns for investors. For example, the Tax Act may be seen as providing the Adviser an incentive to cause the Funds to (i) hold an investment for longer than three (3) years in order for the General Partner to obtain a preferential tax rate on gain allocated with respect to carried interest, even if there are attractive realization opportunities prior to that time and (ii) seek to realize certain types of “dividend” income from corporate issuers (which dividend income is not subject to such holding period rules) in lieu of other types of income or gain (e.g., gain from the sale of a security held for fewer than three (3) years). In addition, these new holding period requirements could subject employees or other individuals performing services for the Funds who hold direct or indirect interests in the General Partner and benefit from carried interest to higher rates of U.S. federal income

tax on such carried interest than was the case under prior law. As a result, the changed treatment of carried interest under the Tax Act could adversely affect such employees or other individuals who benefit from carried interest, which could make it more difficult for the Adviser to incentivize, attract and retain individuals to perform services for the Funds.

*Tax Matters.* There are significant uncertainties regarding the application of the Tax Act. Additional guidance on the Tax Act is expected; however, the timing, form, scope and content of such guidance are not known.

An investment in the Funds may involve complex tax considerations that will differ for each investor. In particular, it is possible that an investment in the Funds may result in “unrelated business taxable income” for tax-exempt investors or income effectively connected with a U.S. trade or business (including, without limitation, as a result of the Funds’ direct or indirect investments in pass-through entities or in “United States real property interests”) for non-U.S. investors. Prospective investors are urged to consult their own tax advisors regarding the U.S. federal, state, local, and non-U.S. tax considerations relating to an investment in the Funds. In particular, tax-exempt and non-U.S. investors (each, as defined in “Certain U.S. Federal Income Tax Considerations” below) may wish to consider whether an investment in a Parallel Fund, if offered, is more appropriate for them.

*Taxation in Non-U.S. Jurisdictions.* The Funds or the Partners may be subject to income or other taxes (and tax return filing obligations) in jurisdictions in which the Funds invest. Additionally, withholding taxes or branch taxes may be imposed on income and gains of the Funds from investments in such jurisdictions. In addition, local tax incurred in a jurisdiction by the Funds or vehicles through which the Funds invest may not entitle investors to either (i) a credit against tax that may be owed in their respective home tax jurisdictions or (ii) a deduction against income taxable in such home jurisdictions by the investors. Limited Partners may be required to pay to the Funds amounts that are required to be withheld or otherwise borne by the Funds for tax purposes and indemnify the Funds, the General Partner and other Partners for any taxes or other amounts owed by or otherwise allocable to such Limited Partner.

*United Kingdom Exit from the European Union.* On March 29, 2017, the United Kingdom (“UK”) formally notified the European Council of its intention to leave the European Union (“EU”). Under the process for leaving the EU contemplated in article 50 of the Treaty on the Functioning of the EU, the UK left the EU on January 31, 2020 and entered an 11-month transitional period (“Brexit”). During the transitional period, the UK and the EU will negotiate the terms of their future relationship and during this period most EU laws will continue to apply to the UK. There is no guarantee that an agreement between the UK and the EU will be reached at the end of the transitional period.

Although one cannot predict the full effect of Brexit, it could have a significant adverse impact on UK, European and global macroeconomic conditions and could lead to prolonged political, legal, regulatory, tax and economic uncertainty. This uncertainty is likely to continue to impact the global economic climate and may impact opportunities, pricing, availability and cost of bank financing, regulation, values or exit opportunities of companies or assets based, doing business, or having service or other significant relationships, in the UK or the EU, including companies or assets held or considered for prospective investments by the Funds.

The future application of EU-based legislation to the private fund industry in the UK and the EU will ultimately depend on how the UK renegotiates its relationship with the EU. There can be no assurance that any renegotiated terms or regulations will not have an adverse impact on the Funds and their investments, including the ability of Funds to achieve their investment objectives. Brexit may

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

Political parties in several other member states of the EU indicated at the time of the UK's referendum to leave the EU that a similar referendum be held on their country's membership in the EUP. It is unclear whether any other member states of the EU will hold such referendums, but if they do, further disruption can be expected.

*General Data Protection Regulation.* Beginning on May 25, 2018, the General Data Protection Regulation ("GDPR") became effective across the European Union. The GDPR applies to both "controllers" and "processors" of personal data. Under the GDPR, a "controller" determines the purposes and means related to the processing personal data, and a "processor" is responsible for processing personal data on behalf of a controller. The GDPR applies to processing activities carried out by organizations operating within the European Union, as well as to organizations that are operated outside the European Union that either (i) offer goods or services to individuals within the European Union or (ii) monitor the activities or behaviors of individuals located within the European Union. The GDPR also contains enhanced protections and accountability requirements with respect to the personal data and privacy of European Union citizens. Solely to the extent any personal data that relates to an individual located within the European Union is processed by the Funds, the General Partner, the Adviser or their respective affiliates, such individuals' personal data will be processed in accordance with the privacy notice maintained by the Funds, the General Partner, the Adviser and their respective affiliates, which is available, to the extent applicable, upon request.

*Anti-Corruption Law Considerations.* The Adviser, the General Partner and the Funds are committed to complying with the U.S. Foreign Corrupt Practices Act ("FCPA") and other anti-corruption laws, anti-bribery laws and regulations, as well as anti-boycott regulations, to which they are subject. As a result, the Funds may be adversely affected because of their unwillingness to participate in transactions that potentially violate such laws or regulations. Such laws and regulations may make it difficult in certain circumstances for the Funds to act successfully on investment opportunities and its portfolio companies to obtain or retain business.

In recent years, the U.S. Department of Justice and the SEC have devoted greater resources to enforcement of the FCPA. In particular, U.S. regulators recently have been focused on private equity firms and their compliance with the FCPA.

While the Adviser has developed and implemented policies and procedures designed to ensure strict compliance by the Adviser and its personnel with applicable anti-corruption and anti-bribery laws and regulations, such policies and procedures may not be effective in all instances to prevent violations. In addition, in spite of the Adviser's procedures, affiliates of a portfolio company, particularly in cases where the Funds or another Adviser-sponsored fund or vehicle does not control such portfolio company, may engage in activities that could result in FCPA violations. Any determination that the Adviser has violated the FCPA or other applicable anti-corruption laws or anti-bribery laws could subject us to, among other things, civil and criminal penalties, material fines, profit disgorgement, injunctions on future conduct, securities litigation and a general loss of investor confidence, any one of which could adversely affect the Adviser's business prospects and/or financial position, as well as the Funds' ability to achieve its investment objective and/or conduct its operations.

*Economic Sanctions Laws.* Economic sanctions laws in the United States and other jurisdictions may prohibit the Adviser, its professionals and the Funds from transacting with or in certain countries and with certain 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. Such sanctions 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 <<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 the Funds' investment activities in certain emerging market countries.

*Compliance with Anti-Money Laundering Requirements.* In response to increased regulatory concerns with respect to the sources of funds used in investments and other activities, the Funds may request prospective and existing Limited Partners to provide additional documentation verifying, among other things, such Limited Partner's identity and the source of funds used to purchase interests in the Funds. The General Partner may decline to accept a prospective investor's subscription if this information is not provided or on the basis of such information that is provided. Requests for documentation may be made at any time during which a Limited Partner holds any interest in the Funds. The General Partner may be required to provide this information, or report the failure to comply with such requests, to governmental authorities, in certain circumstances without notifying the Limited Partner that the information has been provided. The General Partner will take such steps as it determines may be necessary to comply with applicable law, regulations, orders, directives or special measures that may be required by government regulators. Governmental authorities are continuing to consider appropriate measures to implement anti-money laundering laws, and at this point it is unclear what steps the General Partner may be required to take; however, these steps may include prohibiting such Limited Partner from making further capital contributions to the Funds, depositing distributions to which such Limited Partner would otherwise be entitled to an escrow account and causing the withdrawal of such Limited Partner from the Funds.

#### **D. Potential Conflicts of Interests**

Various potential and actual conflicts of interest may arise from the overall investment activities of the General Partner and the Adviser. The following briefly summarizes some of these conflicts, but is not intended to be an exclusive list of all such conflicts. Any references to the General Partner or the Adviser in this section will be deemed to include their respective affiliates, partners, members, shareholders, officers, directors and employees unless otherwise stated.

*Portfolio Company Fees.* In addition to the Management Fees and carried interest, the Adviser and its affiliates may receive Portfolio Fees. The amount and timing of Portfolio Fees received by the General Partner or its affiliates are generally specified in the agreement or other documentation governing the applicable transaction.

The Adviser and its affiliates may also receive "monitoring fees" pursuant to monitoring agreements with portfolio companies of the Funds governing the advice, consultation and other similar

ongoing services provided by the Adviser to such portfolio companies. The terms of a monitoring agreement may include (among other things) annual automatic renewals, the payment of monitoring fees (which may be fixed fees or calculated as a percentage of EBITDA or similar performance metric), and the acceleration of payment of the monitoring fees upon certain termination events, including the occurrence of an initial public offering or strategic exit. The accelerated monitoring fee may be calculated as the present value of hypothetical future payments, which may be based on an assumed growth in performance, based on an assumed growth of EBITDA or similar metric, and may be calculated using a discount rate as low as the risk-free rate, as determined by the Adviser. Since the monitoring agreements may have prolonged terms (often exceeding ten (10) years and/or subject to automatic extensions and renewal), the financial effect of such acceleration may be substantial, particularly in the event such circumstances occur early in the life of the Funds' investment in such portfolio company. Notwithstanding the foregoing, in the event of an initial public offering or other disposition, monitoring fees will continue to be paid so long as the Funds continue to hold an other than de minimis position in such portfolio company and the Adviser or its affiliates continue to provide the monitoring services.

For purposes of calculating any Management Fee offset, Portfolio Fees and monitoring fees are net of out-of-pocket costs and expenses incurred by the Adviser in connection with consummated or unconsummated transactions or in connection with generating any such fees. Portfolio Fees may be substantial and typically are paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. The Adviser will reduce the amount of Management Fees paid by the Funds by 100% of such Portfolio Fees and monitoring fees received.

The Adviser will determine the amount of these fees in its own discretion, subject to agreements with sellers, buyers and management teams, the boards of directors of or lenders to portfolio companies, and/or third-party co-investors in its transactions, and the Adviser is not required by the Partnership Agreement to provide the Funds and the Limited Partners thereof with information regarding the amounts of these fees and reimbursements, although sometimes portfolio companies disclose these fees in materials. Although the Adviser or certain of its affiliates receive these fees and reimbursements from actual or prospective portfolio companies or other investment vehicles of the Funds, the opportunity to earn these fees and receive these reimbursements creates a conflict of interest between the Adviser and such affiliates, on the one hand, and the Funds and the Limited Partners thereof, on the other hand, because the amounts of such fees and reimbursements are often substantial, the Funds and their investors do not have an interest in the Adviser or such affiliates and the rights of the Funds and their investors to these fees and reimbursements is limited to the offset described above. In many cases with respect to the implementation of the arrangements described above, there is not an independent third-party involved on behalf of the relevant portfolio company. Therefore, a conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company.

In addition, the General Partner or its personnel, on behalf of General Partner, may receive stock of a portfolio company as a Portfolio Fee (due to service of such personnel on the board of such portfolio company or as compensation for other services provided to such portfolio company). In the event of such a distribution or receipt of stock as a Portfolio Fee, the General Partner or its personnel may act in its own interest and may determine to sell the distributed stock, or hold on to the distributed stock until such time as the General Partner or its personnel shall determine. The ability of the General Partner or its personnel to act in its own interest with respect to such distributed stock creates a conflict of interest between the General Partner and its personnel, on the one hand, and the Funds, on the other hand, because the recipient's interests may not be aligned with those of the Funds and the recipient may

determine to sell the stock received at a different time, or on different terms, than the Funds would sell their interest.

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

Certain other fees and reimbursements that are generally not considered “Portfolio Fees” and do not reduce the Management Fee payable by the Funds include (but are not limited to) the following: (i) the portion of any fees allocable to capital invested by a co-investment vehicle, third-party investor that does not pay Management Fees or to capital committed by a Fund investor that does not pay Management Fees, (ii) fees or expenses borne by the Fund directly, (iii) any amounts paid by a Holding Company (as defined below) to its management team, and (iv) any amounts paid by a former portfolio company, such as directors’ fees a former portfolio company pays a General Partner professional who remains on the company’s board of directors following the Funds’ disposition of its investment in the company.

*Expense Reimbursement.* Additionally, a portfolio company will typically reimburse the Adviser for expenses, including, without limitation, travel and travel-related expenses, meals and entertainment expenses (including, as applicable, closing dinners and mementos, cars and meals, social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers), expenses relating to training programs, meetings or other events (to the extent such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses, incurred by the Adviser in connection with its performance of services for such portfolio company. Such expenses are not “Portfolio Fees” and such reimbursements do not reduce the Management Fee.

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

*Conflicts Relating to the Funds and the Related Investment Vehicles.* Other funds and investment vehicles advised by the Adviser, including any successor funds to the Funds (including the Funds, the “Related Investment Vehicles”) may invest in assets eligible for purchase by the Funds. The investment policies, fee arrangements, carried interest, investments owned by employees of the Adviser or its affiliates with respect to the Funds, and other circumstances of the Funds, may vary from those with respect to other Related Investment Vehicles. These relationships may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to the Funds.

Subject to any requirements of the governing instruments of the Related Investment Vehicles, opportunities for investments will be allocated among the Related Investment Vehicles in a manner that the Adviser and its affiliates, as well as the respective general partners of the Related Investment Vehicles, believe in their sole discretion to be appropriate given factors they believe to be relevant. Such factors include, but are not necessarily limited to, the investment objectives and focus, geography,

nature of the target's business, stage of development of the target's business and anticipated holding period of the target business, portfolio composition, availability of other suitable investments, scale, transaction sourcing, liquidity and reserves, diversification, risk considerations, cash flow considerations, the seniority of a target and other capital structuring criteria, asset class restrictions, target allocations, minimum and maximum investment size requirements, tax implications, consents or authorizations required, legal contractual or regulatory constraints, lender covenants and other limitations of the Related Investment Vehicles, the amount of capital each then has available for such investment and any other limitations imposed by, or conditions set forth in the governing instruments of a Related Investment Vehicle. Additionally, investments sourced by an affiliate of the Adviser that are appropriate for Related Investment Vehicles advised by such affiliate may first be made available to such Related Investment Vehicles. The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by the Related Investment Vehicles or (ii) the profitability of any Related Investment Vehicle. While the Adviser will determine how to allocate investment opportunities using its best judgment and considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that the Funds' actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the Adviser is subject, discussed herein, did not exist.

The Adviser also reserves the right to make independent decisions regarding recommendations of when the Funds should purchase and sell investments, and the Adviser's affiliates reserve similar rights with respect to the Related Investment Vehicles that they advise. As a result, the Funds may be purchasing an investment at a time when another Related Investment Vehicle is selling the same or a similar investment, or vice versa. The Funds may invest in opportunities that another Related Investment Vehicle has declined, and likewise, the Funds may decline to invest in opportunities in which another Related Investment Vehicle has invested.

Conflicts arise when the Funds makes investments in conjunction with an investment being made by another Related Investment Vehicle, or in a transaction where another Related Investment Vehicle has already made an investment. Investment opportunities may be appropriate for the Funds and another Related Investment Vehicle at the same, different or overlapping levels of a portfolio company's capital structure. Conflicts also arise in determining the terms of investments, especially where the Adviser and/or an affiliate control the structure of a transaction and its capitalization. For example, investments by the Funds in transactions controlled by another Related Investment Vehicle may be subject to investment terms, including with respect to liquidity or governance, that may be more restrictive than those preferable for the Funds if they were investing without a Related Investment Vehicle. As another example, if a Related Investment Vehicle is investing in debt securities, it will have an interest in structuring debt securities that have financial terms (such as interest rates, repayment terms, seniority, covenants and events of default) that are more restrictive than the Funds or another Related Investment Vehicle, as an equity owner, desires. In the event one Related Investment Vehicle has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Related Investment Vehicle is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Related Investment Vehicles invested in the same portfolio company that do not have the same level of control or influence over the portfolio company. There can be no assurance that the return on the Funds' investments will not be less than the returns obtained by other Related Investment Vehicles participating in the transaction.

Employees and related persons of the Adviser and its affiliates may make large capital investments in or alongside other Related Investment Vehicles, and therefore often have additional conflicting interests in connection with joint investments. Such interests will vary and may create an incentive to allocate particularly attractive investment opportunities to the Related Investment Vehicle in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to the Funds. Each of the Adviser and each of its affiliates responsible for making such decisions will determine all matters relating to structuring transactions and capitalizing portfolio companies, including the amount and terms of securities and allocation of securities among the Funds and the other involved Related Investment Vehicles, using its best judgment considering all factors it deems relevant, but in its sole discretion.

Certain individuals and entities associated with portfolio companies, including executives of such companies, may invest in the Funds as Limited Partners. This may create a conflict of interest for the Adviser, including with respect to the terms of any such Limited Partner's investment and the Adviser's own investment decisions with respect to such portfolio companies or prospective portfolio companies.

The appropriate allocation among the Funds and other Related Investment Vehicles of expenses and fees generated in the course of evaluating and making investments often may not be clear, especially where more than one fund participates. For instance, if a Fund and another Related Investment Vehicle are considering making an investment that is not consummated, allocation of the expenses generated for the account of such Related Investment Vehicles (such as expenses of common counsel and other professionals) will be made in good faith. In general, each affiliate of the Adviser responsible for making such decision will participate in the resolution of all such matters using its best judgment, considering all factors it deems relevant, but in its sole discretion.

Further conflicts arise once the Funds have made an investment in a company in which another Related Investment Vehicle has also invested. For example, questions arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, will raise conflicts of interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds or other Related Investment Vehicles may or may not provide such additional capital, and if provided, the Funds and each Related Investment Vehicle will supply such additional capital in such amounts, if any, as determined by the Adviser and its affiliates responsible for making such decisions in their sole discretion. Investments by more than one Related Investment Vehicle in a portfolio company also raises the risk of using assets of the Funds to support positions taken by other Related Investment Vehicles, or that the Funds may remain passive in a situation in which it is entitled to vote. In addition, there may be differences in the timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. These variations in timing may be detrimental to the Funds. Each other affiliate of the Adviser will resolve all such conflicts using its best judgment but in its sole discretion.

Certain Related Investment Vehicles may invest in bank debt and securities of companies in which other clients hold securities, including equity securities. In the event that such investments are made by a Related Investment Vehicle, the interests of such Related Investment Vehicle will at times conflict with the interest of the Funds, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could



inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, a Related Investment Vehicle may or may not provide such additional capital, and, if provided, each Related Investment Vehicle will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict arises in allocating an investment opportunity if the potential investment target could be acquired by either the Funds or a portfolio company of another Related Investment Vehicle. In addition, where the Funds and one or more Related Investment Vehicles invest in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. Investments disposed of at different times will likely be disposed of at different valuations, and, as a result, the Funds may realize different returns as compared to the same investment held by another Related Investment Vehicle. These variations in timing may be detrimental to the Funds.

Related Investment Vehicles may make investments to finance follow-on acquisitions. Follow-on investments present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, the Funds may participate in re-leveraging and recapitalization transactions involving portfolio companies in which other Related Investment Vehicles have invested or will invest. Recapitalization transactions present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. Each other affiliate of the Adviser will resolve all such conflicts using its best judgment, but in its sole discretion.

The Funds and/or the other Related Investment Vehicles may in many cases own a significant or controlling percentage of the common equity of portfolio companies, which, depending upon the amount of equity owned by them, any relevant contractual arrangements between such portfolio company and the participating funds and other relevant factual circumstances, could result in an extension of bankruptcy preference periods with respect to payments made to the Funds and/or subordination of their claims to other creditors and/or recharacterization of debt claims into equity claims. In addition, because of their equity ownership, representation on the boards of directors, and/or contractual rights, the Funds and the other Related Investment Vehicles will often be thought to control, participate in the management of or influence the conduct of portfolio companies. These factors could expose the assets of the Funds to claims by a portfolio company, its security holders, its creditors or governmental agencies.

The Funds may, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, the Funds agree that upon the closing of a transaction with respect to a potential Portfolio company, they will purchase equity securities in a transaction. Furthermore, in certain instances, the Funds will also enter into limited guarantee arrangements whereby, subject to any applicable documentation, the Funds agree that if a transaction with respect to a potential portfolio company is not consummated, the Funds will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity. While certain co-investment vehicles with investments contractually tied to the Funds (including co-investment vehicles through which employees of the Adviser participate) are generally obligated to pay their proportionate share of the equity purchase price and/or the reverse termination fee, such co-investment vehicles are generally not direct parties to the equity commitment arrangement or limited guarantees. Therefore, in the unlikely event that a co-investment vehicle defaults on such arrangement, the Funds would be held

responsible for the entire equity purchase price or reverse termination fee, as applicable. Other co-investors are not typically required to bear any portion of such reverse termination fee and the Funds would be held responsible for any portion of the reverse termination fee that would be held responsible for any portion of the reverse termination fee that would be otherwise allocable to such co-investors.

*Cross Transactions.* In certain cases, the Adviser may seek to cause the Funds to purchase investments from another Related Investment Vehicle or it may seek to cause the Funds to sell investments to another Related Investment Vehicle. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, the Funds may not receive the best price otherwise possible or the Adviser might have an incentive to improve the performance of another Related Investment Vehicle by selling underperforming assets to the Funds in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Related Investment Vehicle or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment).

*Principal Transactions.* Section 206 under the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the investment adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. In connection with the Adviser’s management of the Funds, the Adviser and its affiliates may engage in principal transactions. The Adviser will establish certain policies and procedures to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the Funds regarding any proposed principal transaction and that any required prior consent of the transaction be received. The Partnership Agreement will provide that the General Partner may grant any such approvals required under Section 206(3).

*Warehousing.* The Adviser may use one or more warehousing methods to acquire portfolio investments for the Funds prior to the admission of investors. For example, the Adviser or one or more of its affiliates (including special purpose vehicles organized by the Adviser and including with third parties) may warehouse certain investments on behalf of the Funds, and prior to the admission of investors, the Funds may also acquire investments directly or indirectly through one or more holding vehicles. The Funds will bear the costs and expenses of any warehousing methods. The purchase price for each such warehoused investment will be an amount equal to the cost to the Adviser or its affiliate of such investment, including any fees and expenses related thereto, plus interest on such amount calculated at the Adviser’s cost of capital.

During this pre-closing period, the Funds may also borrow funds, directly or indirectly through one or more vehicles, from the Adviser, its affiliates or a third party to acquire portfolio investments. Upon the admission of the investors pursuant to this offering, any such borrowed amounts, plus interest, as determined by the Adviser in its sole discretion, will be repaid by the Funds from proceeds contributed by their investors. The Funds may leverage its assets, including capital contributions, capital commitments and portfolio distributions in connection with the warehousing of its investments.

*Conflicts Relating to the Key Persons Other Investment Activities.* The Key Persons will continue to pursue and oversee other investment activities during the life of the Funds. The interests of other clients and portfolio companies may conflict with the interests of the Limited Partners and the portfolio companies. Subject to the limitations set forth in the Partnership Agreement, the Key Persons

may buy or sell interests in, or provide financing to, portfolio companies, or advise portfolio companies or competitors of the Funds' portfolio companies, for their own account. In addition, the Key Persons may provide a variety of products and services to portfolio companies, including financial advisory services, and may receive various forms of compensation from its portfolio companies. Any fees or benefits received by the Key Persons for such outside investment activities will not benefit the Limited Partners.

*Conflicts Relating to Co-Investment Opportunities.* The Adviser may establish certain investment vehicles through which certain personnel of the Adviser or its affiliates, or other persons may invest alongside the Funds in one or more investment opportunities. Such vehicles, referred to herein as "co-investment vehicles," generally are created to purchase and sell each investment opportunity at substantially the same time and on substantially the same terms as the Funds. Such co-investment vehicles do not necessarily pay management fees or carried interest (but they may). The General Partner may from time to time determine that it is desirable for all or any portion of an investment opportunity to be purchased by third parties, including, without limitation, Limited Partners, investors in any parallel funds, strategic partners, other investors or such persons acting as finders or brokers of transactions. No Limited Partner has any rights, entitlements or priority to participate in any such co-investment opportunity, subject to any Side Letter entered into with a Limited Partner that provides such Limited Partner with certain rights in respect of co-investments. Decisions regarding whether and to whom to offer such co-investment opportunities, and the terms on which a co-investment is made, are made in the sole discretion of the General Partner. Such co-investment opportunities may, and typically will be, offered to some and not other Limited Partners, and Limited Partners may be offered a smaller amount of co-investment opportunity than originally requested, in each case in the sole discretion of the General Partner. In addition, third parties (e.g., consultants, joint venture partners, persons associated with a portfolio company and other third parties) will from time to time be offered such co-investment opportunities, in the sole discretion of the General Partner. Non-binding acknowledgements of interest in co-investment opportunities do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

The General Partner's exercise of its discretion in allocating co-investment opportunities among Limited Partners and third parties, may not, and often will not, result in proportional allocations among such persons, and such allocations may be more advantageous to some such persons than others. While the General Partner will determine how to allocate co-investment opportunities in good faith, considering such factors as it deems relevant (including, but not limited to, whether the co-investor may invest in future funds sponsored by the General Partner; the ability to participate (in terms of, for example, staffing, expertise and other resources) efficiently and expeditiously in such investment opportunity without harming or otherwise prejudicing the Funds, in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required); the Adviser's evaluation of the size and financial resources of the potential co-investment party; whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide longer-term benefits to the Funds or future funds sponsored by the Adviser and/or the applicable portfolio company; the character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry); the Adviser's evaluation of its past experiences and relationships with the potential co-investor, such as the willingness or ability of such person to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser; any confidentiality concerns the Adviser has that may arise in connection with providing the other account or person with specific information relating to the investment opportunity

in order to permit such potential co-investment party to evaluate the investment opportunity; the level of demand for participation in such co-investment opportunity; the ability of a potential co-investment party to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's chemistry with the potential management team of the portfolio company and whether the potential co-investment party has any existing positions in the portfolio company; any interests a potential co-investment party has in any competitor of a portfolio company; the Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered; the Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which the Funds wish to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Funds being able to capitalize on a potential investment opportunity); and the expected amount of negotiations required in connection with the potential co-investment party's commitment but in its sole discretion).

The factors above are not listed in the order of importance or priority and the Adviser is not required to, and does not, consider all of the factors described above in any particular investment, and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. There can be no assurance that the actual allocation of a co-investment opportunity or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which the General Partner may be subject, discussed herein, did not exist.

The Adviser will determine the appropriate allocation among co-investors, the Funds and any Related Investment Vehicles of expenses and fees generated in the course of evaluating and making investments. Generally, if a proposed transaction is not consummated, no such co-investment vehicle generally will have been formed, and the full amount of any costs related to an unconsummated transaction would therefore be borne entirely by the Funds or Related Investment Vehicles selected by the Adviser as proposed investors for such proposed transaction. In addition, if a potential investment is not consummated and a co-investment vehicle has been formed (or co-investors have committed to invest in a proposed transaction), the full amount of any expenses relating to such potential but not consummated investment would be borne entirely by the Funds or the Related Investment Vehicles selected by the Adviser as proposed investors for such proposed investment, rather than the co-investment vehicle or co-investors. Furthermore, to the extent a co-investment vehicle is formed in connection with a proposed transaction, expenses relating to such co-investment vehicle (including, for instance, expenses related to its organization and formation solely for the benefit of such co-investment vehicle and other expenses incurred in connection with making an investment) may, in certain situations, be borne by the Funds or a Related Fund, regardless of whether such proposed transaction is consummated.

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

The existence of the General Partner's carried interest creates an incentive for the General Partner to cause the Funds to make more speculative investments than it would otherwise make in the

absence of performance-based compensation. In addition, pursuant to recently enacted provisions of the Code, if certain holding period requirements are not met, carried interest and gain on the sale of investment services partnership interests (such as the General Partner's interests in the Funds or the General Partner's interests in the General Partner) may be subject to higher rates of U.S. federal income tax than was the case under prior law. The tax treatment of carried interest, including the new holding period limitation, could thus affect investment decisions of the General Partner, including the timing of dispositions, and such decisions could adversely impact returns for Limited Partners. However, the investment made by the General Partner or its affiliates in or alongside the Funds, the clawback obligation described below and the fact that the preferred return is calculated on an aggregate basis reduces the incentive to make speculative investments or otherwise time the sale of an investment in a manner motivated by the personal benefit of the General Partner's personnel.

The General Partner is required to return excess amounts of carried interest as a "clawback." This clawback obligation may create an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of the Funds if the disposition and/or liquidation would result in a realized loss to the Funds or would otherwise result in a clawback situation for the General Partner.

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

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

The General Partner may elect to receive its carried interest in the form of an in-kind distribution of securities of a portfolio company, including for purposes of permitting one or more General Partner personnel to donate such securities to charity (which may include private foundations, fund or other charities so chosen by such personnel). Any tax efficiencies to such General Partner personnel associated with this form of charitable giving may have the effect of reinforcing or enhancing the General Partner's incentives otherwise resulting from the existence of its carried interest, and, therefore, the General Partner may have a conflict of interest in making decisions on behalf of the Funds (including, for instance, the timing of disposition of investments).

*Conflicts Relating to Fund Level Borrowing.* The Funds may from time to time borrow funds or enter into other financing arrangements for various reasons, including making new or follow-on investments (including borrowings pending receipt of capital contributions from Limited Partners) in portfolio companies and paying Fund expenses. If the Funds borrow in lieu of calling capital to fund the acquisition of an investment, the borrowing would be generally used for all Partners in the Funds on a pro rata basis, including the General Partner, and may remain outstanding for an extended period of time before the General Partner calls capital from the Partners. Although borrowings by the Funds have the potential to enhance overall returns that exceed the Funds' cost of funds (including interest rate, lender fees and transaction costs), such borrowings increase the potential exposure of the Funds to a particular investment above the level that the Funds would typically have if the investment had been limited to equity. Any such borrowings will further diminish returns (or increase losses on capital) to the extent overall returns are less than the Funds' cost of funds. In addition, borrowings by the Funds are secured by capital commitments made by the Limited Partners to the Funds and the documentation relating to such borrowings provides that during the continuance of a default under such borrowings, the interests of the Limited Partners may be subordinated to such Fund-level borrowing.

To the extent the Funds use borrowed funds in advance or in lieu of capital contributions, the Funds' investors generally will later make corresponding capital contributions, but the Funds will bear the expense of interest on such borrowed funds. As a result, the Funds' use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher or lower than such calculations otherwise would be without fund-level borrowing. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions are made to fund such investments, or repay borrowings used to fund such investments, are actually made to the Funds. Thus, while the Funds will bear the expense of borrowed funds, such borrowings can also increase the carried interest received by the General Partner by decreasing the amount of distributions from the Funds that are required to be made to the Limited Partners in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

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

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

*Other Potential Conflicts.* The Adviser expects that it or its personnel will in the future establish one or more additional investment funds with investment objectives which may be either substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Related Investment Vehicles and any such investment fund could give rise

to conflicts of interest. It is expected that the officers, directors and employees of the Adviser responsible for managing the Funds will have responsibilities with respect to other Related Investment Vehicles, including funds and accounts raised in the future. Conflicts of interest arise in allocating time, services or functions of these officers, directors and employees.

The Adviser may consider and reject an investment opportunity on behalf of the Funds and, the Adviser may subsequently determine to have another Related Investment Vehicle make an investment in the same company. A conflict of interest arises because the Related Investment Vehicle will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Adviser on behalf of the Funds considering the investment. In such circumstances, the benefitting fund or funds will not be required to reimburse the Funds for expenses incurred in connection with researching such investment.

In addition, the Adviser receives various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors and other metrics. This information may, in certain instances, include material non-public information received as a result of one Related Investment Vehicle's investment (or prospective investment) in a portfolio company. As a result, the Adviser is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Adviser may, from time to time in the future, enter into information sharing and use arrangements with portfolio companies. The Adviser expects to utilize this information in a manner that may provide a material benefit to the Adviser, its affiliates, or to certain Related Investment Vehicles without compensating or otherwise benefitting the Funds or the Related Investment Vehicles from which such information was obtained. In addition, the Adviser may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received and/or to utilize such information in a manner that benefits the Adviser, the General Partner or the Funds.

The Adviser and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information-sharing arrangements are designed to allow the Adviser, the Funds and the portfolio companies to better discern economic or other trends and developments. The Adviser believes that the Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across the Adviser's businesses and the portfolio companies. However, information-sharing may involve conflicts of interest between the Funds and Related Investment Vehicles and/or between the Funds and the Adviser. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by the Adviser and its affiliates, without the source of the data being directly compensated. The Adviser and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to the Adviser, without directly compensating or otherwise benefiting the Funds. As a result, the Adviser may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits the Adviser and/or other portfolio companies.

The Adviser may, in its discretion, recommend to the Funds or to a portfolio company of the Funds that it contract for services with a related person of the Adviser (including but not limited to a portfolio company of a Related Investment Vehicle) or an entity with which the Adviser, one of its affiliates or any of their respective personnel has a relationship or otherwise derives a financial or other benefit. When making such a recommendation, the Adviser, because of its financial or other business

interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

Portfolio companies controlled by the Funds may provide services to certain Fund investors or prospective investors. The Adviser has an incentive to cause the portfolio company to favor those investors relative to other portfolio company clients or customers in terms of pricing or otherwise, which could adversely affect the portfolio company's profitability to the Funds. Additionally, the portfolio company could recommend to its clients or customers that they invest in the Funds.

In certain instances, a portfolio company of the Funds may compete with, be a customer of, or be a service provider to, another portfolio company of the Funds or a portfolio company of another Related Investment Vehicle. In providing advice to a portfolio company, the Adviser may consider the interests of one portfolio company and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or the Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by the Adviser to a portfolio company of the Funds or another Related Investment Vehicle may have adverse consequences to a separate portfolio company owned by the Funds. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increasing its own prices, commencing litigation against another portfolio company, or preventing a portfolio company from commencing litigation against another portfolio company.

Employees of the Adviser will often serve as directors of portfolio companies. While conflicts of interest may arise in the event that such employees' fiduciary duties as a director conflicts with those of the Funds, it is expected that the interests of the Funds and such employee will generally be aligned. In addition, to the extent an employee serves as the director on the board of more than one portfolio company, such employees' fiduciary duties among the two portfolio companies may create a conflict of interest. Such employees are required to remit any remuneration they may receive as directors to the Funds. Employees of the Adviser may in the future, on occasion leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company.

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



to the Adviser will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by the Adviser and reimbursed by a portfolio company) will not be treated as expenses to be borne by the Funds and will not reduce the Management Fee otherwise payable to the Adviser or any carried interest otherwise payable to the Adviser or its affiliates. All or a portion of any such compensation and incentives will be borne by the Funds, directly or indirectly, via its ownership interest in such portfolio company. In certain instances, whether an individual who provides services to a portfolio company should be characterized as an industry specialist, an employee or former employee of the Adviser, or a seconded employee may be unclear. In such cases, the Adviser will make a determination in good faith based on its evaluation of the relevant facts and circumstances.

In addition, the Funds and/or the portfolio companies also bear their allocable portion of the compensation (including, without limitation, salary, bonus, payroll taxes and benefits), expenses and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces) attributable to certain employees, partners, members, or officers of the Adviser and its affiliates, including, without limitation, in-house accountants, human resources, information technology, administrators, legal, tax, compliance, leveraged purchasing, ESG (environmental, social and governance) and other professionals whose functions may also include the preparation of financial statements, investor reports (including the costs associated with providing access to a database or other internet forum for distribution of such reports), tax returns, the administration of assets and expenses of the Funds (including with respect to co-investment vehicles and Feeder Funds) and legal and regulatory compliance with applicable laws and regulations. The allocation of such compensation and expenses between the Adviser, the Funds and/or the portfolio companies require judgments as to methodology that the Adviser makes in good faith but in its sole discretion. These allocation methodologies may include: requiring personnel to periodically record and allocate their time with respect to the Funds and/or the portfolio companies; the Adviser approximating the portion of time a person has spent with respect to the Funds and/or portfolio company; the assessment of an overall dollar amount (for instance, based on a fixed fee) that the Adviser believes represents a fair recoupment of expenses and a market rate for such services; and any other methodology determined by the Adviser to be appropriate under the circumstances. While the Adviser may (in its discretion) obtain benchmarking data regarding third party rates for similar services, relevant comparisons may not be available for a variety of reasons, including as a result of lack of a substantial market of providers or users for such service, confidentiality reasons and the bespoke nature of certain services. As a result, market comparisons may not (and often do not) result in precise comparable data for certain services.

The Adviser, its affiliates, and members, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to the Funds. Officers, principals and employees of the Adviser may also buy securities in transactions offered to but rejected by the Funds. A conflict of interest may arise because such investing personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Adviser on behalf of the Funds. In such circumstances, the investing Adviser personnel will not share or reimburse the Funds and/or the Adviser for any expenses incurred in connection with the investment opportunity. In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds. Limited Partners will not benefit from any such investments. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Funds, they will have conflicting interests with respect to these investments (for example, with respect to availability and timing of liquidity).

Portfolio companies may be counterparties or participants in agreements, transactions or other arrangements with portfolio companies of other Related Investment Vehicles that, although the Adviser determines to be consistent with the requirements of such Related Investment Vehicles' governing instruments, may not have otherwise been entered into but for the affiliation with the Adviser, and which may provide economic or other benefits to affiliates of the Adviser that are not subject to the Management Fee offset provisions described herein. For example, the Adviser may in the future cause portfolio companies to enter into agreements regarding group procurement (which may depend on the volume of services purchased under these agreements and which may be pooled across multiple portfolio companies and discounted due to scale), benefits management, data management and/or mining, technology development, purchase or title and/or other insurance policy (which may be pooled across multiple portfolio companies and discounted to scale) and other similar operational initiatives that may result in fees, better pricing, rebates, commissions or similar payments and/or discounts being paid to the Adviser, its affiliates or a portfolio company, including related to a portion of the savings achieved by the portfolio company. While the Adviser may have a conflict of interest because its economic benefit may incentivize the Adviser to maintain such arrangements, the Adviser believes that such agreements benefit the portfolio companies due to increased access to quality products and services at beneficial pricing, and the Adviser's benefits from such arrangements are reduced because the Adviser only benefits at the same rate as the portfolio companies. However, it should not be assumed that a company related to, or otherwise affiliated with the Adviser will only take actions that are beneficial to, or not opposed to, the interests of the Funds and their portfolio companies.

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

In addition, from time to time, the Adviser may recruit a management team to pursue a new "platform" opportunity expected to lead to the formation of a future portfolio company. In such a case, the Funds will bear the expenses of the management team or portfolio company, as the case may be, including any overhead expenses, employee compensation, diligence expenses or other related expenses in connection with backing the management team or the build out of the platform company. Such expenses may be borne directly by the Funds as partnership expenses or indirectly as the Funds bear the start-up and ongoing expenses of the newly formed platform portfolio company. Such costs and expenses will not offset the Management Fee and are in addition to Management Fees and other compensation (e.g., carried interest) received by the General Partner and the Adviser.

*Service Providers.* Services required by the Funds (including some services historically provided by the Adviser or the General Partner) may be outsourced in whole or in part to third parties in the discretion of the General Partner. The General Partner has an incentive to outsource such services

at the expense of the Funds to, among other things, leverage the use of General Partner personnel. Such services may include, without limitation, deal sourcing, information technology, license software, depository, asset management, data processing, client relations, administration, custodial, accounting, valuation, human resources, compliance, corporate secretarial, legal and tax support and other similar services. The decision by the General Partner to initially perform a service for the Funds in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and the General Partner has no obligation to inform the Limited Partners of such a change. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by third parties. The costs and expenses of any such third-party service providers will be borne by the Funds.

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

The Adviser and/or its affiliates may engage certain service providers to provide services to the Adviser, the Funds and/or the portfolio companies. Such service providers may, in certain circumstances, be investors in the Funds or affiliates of such investors or prospective investors and may include, for example, investment bankers, outside legal counsel pension consultants and/or other investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an investor’s admission to the Funds, or during the term of such investor’s investment in the Funds. This creates a conflict of interest, as the Adviser may give such investor preferred economics or other terms with respect to its investment in the Funds, or may have an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor.

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

Certain other service providers to the Adviser, the Funds and/or the portfolio companies, or affiliates of such service providers, also provide goods or services to or have business, personal, financial or other relationships with the Adviser, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also source of investment opportunities, be co-investors or commercial counterparties or entities in which the Adviser and/or the Funds have an investment, and payments by the Funds and/or such portfolio companies may indirectly benefit the Adviser and/or the Funds.

The Adviser, its personnel, the Funds and the portfolio companies will, from time to time, engage common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, its personnel, the Funds, and/or the portfolio companies. As a result, the Adviser or its personnel from time to time receives a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or, from time to time, receives a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict

of interest between the Adviser and its personnel, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it, or its personnel, receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor the Limited Partners will receive the benefit of any such favorable rate or discount provided to the Adviser, its personnel or its affiliates, and the Management Fee paid by the Funds will not be reduced in connection with such favorable rate or discount.

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

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

*Operating Partners.* The General Partner and/or its portfolio companies may, from time to time, retain other companies and individuals (which includes employees and former employees of the Adviser, affiliates of the Adviser, employees and former employees of such affiliates, third-party consultants (including specialized consultants, advisers, industry specialists, external executives, industry advisory roundtable members and similar professionals) to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies (such companies or individuals, "Operating Partners")). These services may include support to the Funds, portfolio companies or prospective portfolio companies regarding, among other things, the company's management (including serving in management positions or on the board of directors of the company or participating in determining corporate strategy), the company's revenue and margin management (including determining sales/marketing strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters and, from time to time, may include "front-office" functions with respect to the Funds, such as sourcing or other investment-related functions.

The nature of the relationship with each such Operating Partners and the time devotion requirements of each such Operating Partner may vary significantly. Certain Operating Partners may

be subject to contractual obligations to exclusively provide certain services to the Funds and/or the portfolio companies. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated services to be provided. Operating Partners may be offered the ability (or may have a preferred right) to co-invest alongside the Funds or may be offered the opportunity directly by a portfolio company to invest in such portfolio company, including in investments in which such Operating Partner is involved or participates in the management thereof.

Fees, compensation and expenses and any attributed overhead associated with these services may be paid and/or reimbursed by the Adviser, portfolio companies and/or the Funds. Such expenses may be determined at the discretion of the General Partner taking into account the particular services, may include reimbursement of an allocable portion of an affiliated Operating Partner's compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces), an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on predetermined targets or milestones, a profits or equity or other interest in the portfolio company or other incentive-based compensation to the Operating Partner, and may otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operating Partner, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service falls within the category of services described herein will be made by the General Partner in its sole discretion. These expenses may also be incurred in respect of portfolio companies prior to the closing of the investment. In the event one or more companies and/or Operating Partner (directly or indirectly) is providing services with respect to the Funds and one or more Related Investment Vehicles, subject to the governing documents of the applicable fund or investment vehicle, such expenses generally will be allocated among the Funds and the relevant other Related Investment Vehicle, as determined by the General Partner and applicable Related Investment Vehicles' general partners in a fair and equitable manner. To the extent services are provided to the benefit of the Funds without reference to a particular portfolio company, such expenses are borne by the Funds and, indirectly, the Limited Partners. To the extent any such expenses are payable by the Funds or a portfolio company, such expenses will not reduce any Management Fees or other compensation otherwise payable to the Adviser or its affiliates. The General Partner's determination as to whether a service is a service that falls within the category of services described herein, the categorization of any fees and expenses (e.g., as advisor expenses) and the allocation of such fees and expenses shall be binding on the Funds and their investors. The determination of whether any such expense is paid by a portfolio company, the Funds, a Related Investment Vehicle or the Adviser is made by the Adviser in its sole discretion.

Although the use of Operating Partners and allocation of fees and expenses paid to them may subject the Adviser and its affiliates to potential conflicts of interest, the Adviser believes any such potential conflicts of interest are mitigated by the expected savings to the portfolio companies (and, in turn, the Funds) that will be applied if the cost of the Operating Partner is lower than market rates for the services provided, or if the services provided by the Operating Partner are consistent with the business strategy the Adviser has for the relevant portfolio company.

*Diverse Membership.* The Limited Partners may include U.S. taxable and tax exempt entities, and institutions from jurisdictions outside of the United States. Such investors often have conflicting investment, tax and other interests with respect to their investments in the Funds. The conflicting interests among the investors generally relate to or arise from, among other things, the nature of investments made by the Funds, the structuring of the acquisition of investments and the timing of the

disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by the Adviser or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for the Funds, the Adviser and its affiliates will consider the investment and tax objectives of the Funds, not the investment, tax or other objectives of any investor individually.

*Limited Partner Due Diligence Information.* The General Partner will make available, prior to the closing of this offering, to each prospective investor the opportunity to ask questions of, and receive responses from, a representative of the General Partner concerning the terms and conditions of this offering and to obtain any additional information, if the General Partner possesses such information or can acquire it without unreasonable effort or expense, necessary to verify the accuracy of the information set forth herein. For instance, information will typically be withheld from Limited Partners that are subject to the Freedom of Information Act or similar requirements. The General Partner will often elect to withhold certain information to such Limited Partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such Limited Partners of receiving such information. In addition, due to the fact that different potential investors may ask different questions and request different information, the General Partner may provide certain information to one or more prospective investors that it does not provide to all of the prospective investors. None of the responses or additional information provided is, or will be, integrated into this Memorandum, and no prospective investor may rely on any such responses or information in making its decision to subscribe for interests in the Funds.

#### **E. Other Conflicts to Consider**

*Secondary Transfers.* In addition, to the extent the Adviser is asked to identify potential purchasers in a secondary transfer, the Adviser will do so in its sole discretion, generally taking into account the following factors:

- The Adviser's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Adviser's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to current or future funds and/or the Adviser and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Adviser, the Funds, or their affiliates to legal, regulatory, reporting, public relations, media or other burdens; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

*Conflicts Related to Purchases and Sales.* From time to time, the Adviser may, in its discretion, enter into transactions with investors in the Funds to dispose of all or a portion of certain investments held by the Funds. In exercising its discretion to select the purchaser(s) of such investments, the Adviser will consider the factors it deems relevant. The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the Funds, taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of

the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the Funds.

The Funds may sell down an interest in its portfolio companies to co-investors. The Adviser may charge (or may decide not to charge) a co-investor interest cost for the time period between the closing of the Funds' investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

*Business with Portfolio Companies and Limited Partners.* There are often situations where the Adviser is in the position of recommending the services of a portfolio company to other portfolio companies of the Related Investment Vehicles, which may involve fees, commissions, servicing payments and/or discounts to the Adviser, an affiliate, or a portfolio company. The Adviser will generally have a conflict of interest in making such recommendations, in that the Adviser has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Related Investment Vehicles, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Related Investment Vehicles. The benefits received by a portfolio company providing a service may be greater than those received by the Funds and its portfolio companies receiving the service.

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

In addition, certain portfolio companies controlled by a Related Investment Vehicle may engage in activities that could adversely affect the Funds and/or its portfolio companies, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of the Funds and/or a portfolio company being used to satisfy the obligations or liabilities of another Related Investment Vehicle or its portfolio company.

The Adviser and its affiliates may, from time to time, hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with a Limited Partner, a portfolio company or a service provider. Although the Adviser uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee the Adviser can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

*Positions with a Portfolio Company.* From time to time, employees of the Adviser may also be asked to serve as directors of, or observers with respect to, certain entities in which the Funds have fully exited its ownership interest and/or following the termination of such employment with the Adviser. In such circumstances, any compensation or fees received by such Adviser employee is not subject to the management fee offset described above, or otherwise shared with the Funds and/or Limited Partners.

In connection with co-investment opportunities, some co-investors (which may include one or more Limited Partners) are often provided with the opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information

and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other Limited Partners. In certain cases, co-investors have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of the Adviser to take actions with respect to the portfolio company that the Adviser considers to be in the best interests of the Funds.

*Other Conflicts.* The Adviser and the Funds will generally engage common legal counsel in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be Limited Partners, and may also represent one or more portfolio companies or Limited Partners. In the event of a significant dispute or divergence of interest between the Funds, the Adviser and/or its affiliates, the parties may engage separate counsel in the sole discretion of the Adviser and its affiliates, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Funds and the portfolio companies may engage other common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to the Adviser, the Funds, and/or the portfolio companies. This may result in the Adviser receiving a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or the Adviser receiving a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between the Adviser, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive, absent the engagement of such service provider by the Funds and/or the portfolio companies. Neither the Funds nor the Limited Partners will receive the benefit of such favorable rate or discount and the Management Fee will not be reduced in connection with such favorable rate or discount.

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

The Adviser may, cause one or more Related Investment Vehicles to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Related Investment Vehicle, the applicable general partner, the Adviser and/or their respective directors, officers, employees, agents, representatives, members of the LPAC and other indemnified parties, against liability in connection with the activities of the Related Investment Vehicles. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or other insurance policies maintained by the Adviser that cover one or more Related Investment Vehicle and/or the Adviser (including their respective directors, officers, employees, agents, representatives, members of the LPAC and other indemnified parties). The Adviser will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies among one or more Related Investment Vehicles, and/or the Adviser on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such



corrections are necessary or advisable. There can be no assurance that a different allocation would not result in the Funds bearing less (or more) premiums, fees, costs and expenses for insurance policies.

#### **F. Resolution of Conflicts**

In the case of all conflicts of interest, the Adviser's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser's best judgment, but in its sole discretion. In resolving conflicts, the Adviser considers various factors, including the interests of the Funds with respect to the immediate issue and/or with respect to their longer-term courses of dealing. The following factors generally mitigate, but will not eliminate, conflicts of interest among the Funds and the Related Investment Vehicles:

- The Funds will not make any investment unless the General Partner believes that such investment is an appropriate investment considered solely from the viewpoint of the investors in the Funds;
- Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions in the Partnership Agreement and other governing instruments of the Related Investment Vehicles;
- The LPAC of the Funds and, if applicable, each Related Investment Vehicle, whose members are not affiliated with the general partner of such fund, play an important role in resolving conflicts of interest by approving or disapproving the appropriateness of decisions that involve significant conflicts of interest referred to it by the appropriate fund's general partner (however, on any issue involving actual conflicts of interest, the General Partner will be guided by its good faith discretion);
- The Adviser has implemented certain policies and procedures designed to reduce and mitigate certain conflicts of interest; and
- Where the Adviser or one or more of the Adviser's affiliates deems appropriate in its sole discretion, unaffiliated third parties will be used to help resolve conflicts such as the use of an investment banker to opine as to the fairness of a purchase or sale price. In addition, the willingness of a third party to make an investment on the same terms as a Related Investment Vehicle would demonstrate the fairness of the transaction to such Related Investment Vehicle.

The foregoing list of risk factors and conflicts of interests do not purport to be a complete enumeration or explanation of the risks and/or conflicts of interests, as applicable, involved in an investment in the Funds. Prospective investors should read this entire Memorandum and consult with their own advisers before deciding whether to invest in the Funds. No assurance can be made that profits will be achieved or that substantial losses will not be incurred. Private equity investing involves the origination of a specific asset or pool of assets, and the subsequent underwriting, due diligence, negotiating and structuring of the investment to be held in a Client's portfolio. A recommendation is then made to an investment committee to purchase the asset or pool of assets per the terms outlined. Post investment, direct investments are monitored on a timeline appropriate for the complexity, degree of control and liquidity of the asset.

#### **Item 9 - Disciplinary Information**

If there are any legal or disciplinary events that would be material to an investor's evaluation of an adviser or the integrity of an adviser's management, registered investment advisers are required to disclose all material facts regarding such events. The Adviser and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

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

Weatherford is affiliated with the General Partners, which are investment advisers subject to Weatherford's SEC registration under the Advisers Act in accordance with SEC guidance. These entities operate, for registration purposes, as a single advisory business together with Weatherford and serve as general partners to the Funds and generally share with Weatherford common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

The Adviser has adopted a written Code of Ethics (the "Code") designed to address and avoid potential conflicts of interest as required under Rule 204A-1 under the Advisers Act. The Code sets forth a standard of business conduct and compliance with federal securities laws by all of the Adviser's employees. The Code contains policies and procedures that are reasonably designed to ensure that all personal securities trading by employees of the Adviser is conducted in such a manner as to avoid any actual, potential or perceived conflicts of interest or abuse of an individual's position of trust and responsibility. The Adviser prohibits personal trading on restricted securities; requires pre-clearance of personal trades of an IPO, a new private placement, and other limited offerings; requires periodic reporting of employees' personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Personal securities transactions by employees who manage Client accounts are required to be conducted in a manner that prioritizes the Client's interests in Client eligible investments. A copy of the Code will be provided to any investor or prospective investor upon request to Amir Salari, Weatherford's Chief Compliance Officer, at (813) 443-0499.

As part of its Code, the Adviser has established procedures reasonably designed to prevent the abuse of material, non-public information, which includes procedures for, among other things, the use and maintenance of restricted trading lists. Because the structure of the Adviser would make information barriers impractical, the Adviser has not imposed information barriers to restrict the internal flow of possible material, non-public information. Thus, access persons of the Adviser are deemed to be in receipt of material, non-public information, in all instances where any access person of the Adviser has received material, non-public information and, therefore, such access person(s) may not trade on the basis of that information.

Accordingly, should Weatherford or any of its affiliated persons come into possession of material non-public or other confidential information with respect to public and non-public company, the Adviser generally would be prohibited from communicating such information to Clients, and the Adviser will have no responsibility or liability for failing to disclose such information to Clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser personnel serving as directors of public companies and may restrict trading on behalf of Clients, including a Fund.

Principals and employees of Weatherford and its affiliates may directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of Weatherford, as well as third-party Investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss."

The Adviser and its affiliates, principals and employees may carry on investment activities for their own account and for family members, friends or others who do not invest in a Fund, and may give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. The operative documents and investment programs of certain Funds may restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds.

From time to time, the Adviser may advance funds on behalf of a Fund and contribute such amounts to the relevant Fund as a special interim capital contribution for investment, to be redeemed at a later date. A yield amount in connection with such borrowing typically is borne by the relevant Fund, consistent with the governing documents.

In borrowing on behalf of a Fund, The Adviser is subject to conflicts of interest between repaying its obligations and retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Funds' preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

The Adviser will effect such borrowings in a manner it believes to be fair and equitable to the relevant Fund, and consistent with the Adviser's obligations to the Fund under the governing documents.

## **Item 12 – Brokerage Practices**

Weatherford focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Adviser may also distribute securities to Investors in a Fund or sell such securities, including through using a broker-dealer, if a public trading market exists. To the extent that the Adviser engages in public securities transactions, it follows the brokerage practices described below.

In Weatherford's private company securities transactions on behalf of the Funds, the Adviser may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, the Adviser may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being

contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although the Adviser generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

### **Item 13 - Review of Accounts**

The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the review process is not directed toward a short-term decision to dispose of securities held by a Fund. The Adviser closely monitors companies in which the Funds invest, and the Adviser's Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to each of its Limited Partners (i) annual GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each Limited Partner's tax return and (iii) at the time of delivery of the financial statements, reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

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

The Adviser and/or its affiliates may provide certain business or consulting services to a Funds' portfolio companies and may receive compensation from these companies in connection with such services. As described in the applicable Partnership Agreements, this compensation may offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees may be in addition to Management Fees, as described in Item 5 "Fees and Compensation."

From time to time, the Adviser may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a Limited Partner in a Fund. Any fees payable to any such placement agents will be borne by the Adviser indirectly through an offset against the Management Fee, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including, but not limited to, placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

### **Item 15 - Custody**

The Adviser maintains custody of assets held in the name of the Funds with qualified custodians.

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

The Adviser has discretionary authority to manage investments on behalf of each Fund. As a general policy, the Adviser does not allow Clients to place limitations on this authority. Pursuant to the terms of the Partnership Agreement, however, the Adviser and/or its affiliates may enter into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partner's investment in a Fund may be altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. The Adviser assumes this discretionary

authority pursuant to the terms of the governing documents and powers of attorney executed by the Investors in each Fund.

**Item 17 - Voting Client Securities**

The Adviser's investment strategy involves private equity investments. As a result, the Adviser does not generally hold Fund investments in public equity securities and therefore does not generally receive proxies on behalf of its Clients.

**Item 18 - Financial Information**

The Adviser does not require the prepayment of Management Fees six months or more in advance, nor does it have any other events requiring disclosure under this item of the Brochure.