

**INVESTMENT ADVISER BROCHURE**

**ITEM 1. COVER PAGE**

**ACCESS HOLDINGS MANAGEMENT COMPANY LLC**

**Access Holdings Management Company, LLC  
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<https://www.accessholdings.com/>**

**March 2022**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Access Holdings Management Company, LLC (the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (443) 836-6931. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

The Adviser is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”). However, such registration does not imply a certain level of skill or training.

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

## **Item 2. MATERIAL CHANGES**

This Brochure, dated as of March 2022, reflects the addition of the following new funds:

- Access Holdings (FPG Feeder) II LP
- Access Holdings (FPG Feeder) LP
- Access Holdings (FPG Management Parallel) LP
- Access Holdings (FPG) LP
- Access Holdings Fund II LP
- Access Holdings Fund II-A LP
- Access Holdings Fund II Co-Investment LP

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#### Item 4. ADVISORY BUSINESS

The Adviser, a Delaware limited liability company and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Adviser commenced operations in January 2013.

The Adviser's clients include the following (each, a "**Fund**," and together with any future private investment fund to which the Adviser or its affiliates provide investment advisory services, the "**Funds**");

- Access Steton LLC ("**RizePoint**");
- Access Foundation Partners Group II, LLC ("**FPG II**");
- Access Foundation Partners Group III, LP ("**FPG III**");
- Access Holdings (FPG Feeder) LP ("**FPG Feeder**");
- Access Holdings (FPG Feeder II) LP ("**FPG Feeder II**");
- Access Holdings (FPG) LP ("**FPG LP**")
- Access Holdings (FPG Management Parallel), LP ("**FPG MGMT**" and collectively with FPG II, FPG III, FPG Feeder, FPG Feeder II & FPG LP, "**FPG**");
- KUV Access ATS Feeder LP ("**KUV ATS**");
- KUV Access BNYH Feeder LP ("**KUV BNYH**");
- KUV Feeder LP ("**KUV**," and collectively with KUV ATS and KUV BNYH, "**Kuvare**");
- Access Holdings Fund I LP ("**AHF I**");
- Access Pet Holdco, Inc. ("**APHI**");
- Access Pet Co-Investment LP ("**APCI**");
- Access Pet Feeder, LLC. ("**APF**");
- Access Car Wash Co-Investment LP ("**ACWC**");
- Access Pet Co-Investment II LP ("**APCI II**");
- Access Pet Co-Investment II LLC ("**PCI II**");
- Access Sports Co-Investment LP ("**ASCI**");
- Access Sports Holdings LLC ("**ASH**").
- Access Holdings Fund II LP ("**AHF II**");
- Access Holdings Fund II-A LP ("**AHF II-A**"); and
- Access Holdings Fund II Co-Investment LP ("**AHFC II**").

The following general partner, manager and/or managing member entities are affiliated with the Adviser:

- Access Holdings GP LP;

- KUV Feeder GP Ltd;
- Access Holdings I GP LP;
- Access Holdings (FPG) GP LP; and
- Access Holdings II GP LP

(each, a “**General Partner**” and together with the Adviser and their affiliated entities “**Access Holdings**”).

Each General Partner is subject to 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.

RizePoint, FPG II, FPG III, and Kuvare were organized and operated at a time when Access Holdings operated as a fundless sponsor (*i.e.*, Access Holdings identified and evaluated single acquisition targets before having committed capital in place to complete a particular deal, and then sought out the necessary capital to acquire the targeted operating entities on a deal-by-deal basis). As the operations of Access Holdings have been built-out from its inception, Access Holdings found itself managing and monitoring the operating entities that were acquired as part of its fundless sponsor operations, and in connection with the anticipated fundraise for its first private equity fund, has registered with the SEC as an investment adviser.

The Funds, and any future private equity funds that will be managed by the Adviser, are, and will be, private investment vehicles that invest through negotiated transactions in operating entities, generally referred to herein as “portfolio companies.” Access Holdings’ 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. From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of the Adviser or its affiliates generally serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Access Holdings’ advisory services to the Funds are detailed in the applicable private placement memoranda or other offering documents (each, a “**Memorandum**”), investment management agreements, limited partnership or other operating agreements or governing documents (each, a “**Partnership Agreement**”) and are further described below under “Item 8. Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds participate in the overall investment program for the applicable Fund; however, with respect to certain Funds, investors may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the applicable Partnership Agreement. The Funds or the General Partners have entered into side letters or other similar agreements (“**Side Letters**”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing the terms of, the applicable Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the applicable Partnership Agreement, the Adviser expects to provide (or 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 Adviser's 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. 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 managed approximately \$1,908,000,000 in client assets on a discretionary basis. The Adviser is principally owned by Kevin McAllister and an irrevocable trust that has been established for certain estate planning purposes, for which Kevin McAllister serves as trustee.

## **Item 5. FEES AND COMPENSATION**

In general, the Adviser receives or expects to receive a management fee and/or a carried interest in connection with investment advisory services. The specific manner in which the Adviser charges fees and/or carried interest for a Fund is established in the relevant Memorandum, Partnership Agreement and/or Side Letter. The Adviser or other Access Holdings entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds. With respect to certain Funds, such additional compensation may offset in whole or in part the management fees otherwise payable to the Adviser. In addition, in certain circumstances, the Adviser receives compensation for management and other services performed in connection with co-investments made in portfolio companies of the Funds. Investors in a Fund also bear certain expenses.

### **Management Fees**

#### *RizePoint*

Neither the Adviser nor its affiliates is paid a management fee for the provision of investment advisory services to RizePoint. The Adviser is, however, compensated in connection with the provision of management and other services to the RizePoint portfolio company as further described below.

#### *FPG*

The Adviser or its affiliate, during the investment period, is generally paid an annual management fee (the "**Management Fee**"), payable semi-annually, equal to 1.0% of aggregate investor capital contributions ("**Contributions**") held by Existing Partners not designated as "affiliated partners" by the General Partner. The Management Fee shall be payable until the

earliest to occur of, (i) fourth anniversary of the Initial Contribution Date, (ii) a Change of Control, (iii) an Initial Public Offering, or (iv) the dissolution of the Partnership.

The Adviser or its affiliate, during the investment period, is also generally paid an annual management fee (the “**Management Fee**”), payable semi-annually, equal to 0.75% of aggregate Contributions held by New Investors not designated as “affiliated partners” by the General Partner in FPG. The Management Fee steps down to 0.50% following the second anniversary of the Initial Contribution Date and is payable until the earliest to occur of, (i) fourth anniversary of the Initial Contribution Date, (ii) a Change of Control, (iii) an Initial Public Offering, or (iv) the dissolution of the Partnership.

The Adviser is also compensated in connection with the provision of a one-time 1.0% administrative fee from all investors and for ongoing administrative services to an investor as may be agreed between Advisor and any such investor in FPG, which is intended to reimburse to the Advisor for such Administrative Services.

#### *Kuvare*

The Adviser (or its affiliate) is paid an annual fee, in advance, in an amount equal to 1% of aggregate investor capital commitments to KUV BNYH. The Adviser (or its affiliate) is also compensated in connection with the provision of administrative services to an investor as may be agreed between the Adviser and any such investor in Kuvare, which is intended to reimburse the Adviser for such Administrative services.

#### *AHF I*

The Adviser or its affiliate, during the investment period, is paid an annual management fee (the “**Management Fee**”), payable semi-annually, equal to 2.0% of aggregate investor capital commitments (“**Commitments**”) held by investors not designated as “affiliated partners” by the General Partner. Commencing with the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events to be set forth in AHF I’s Partnership Agreement, the Management Fee will equal 2% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down, in each case with respect to investors not designated as “affiliated partners”; provided that investments in a portfolio company will be treated as having been disposed of or permanently written down only to the extent that, as of the date of any such disposition or write-down, the aggregate fair market value of all remaining AHF I investments in such portfolio company is less than AHF I aggregate investment contributions made with respect to such portfolio company. The General Partner may elect to waive a portion of the Management Fee in exchange for a reduction in the General Partner’s cash capital contribution obligation and/or a corresponding interest in AHF I profits. The Management Fee will be payable until the final distribution of AHF I’s assets or until the Adviser’s relationship with AHF I is terminated for other reasons (as described in AHF I’s Partnership Agreement). Installments of the Management Fee payable for any period other than a full six-month period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee will be reduced by an amount equal to 80% of the “Transaction Fees” attributable to AHF I investors not designated as “affiliated partners” by the General Partner. “Transaction Fees” include any: (i) directors’ fees, financial consulting fees or advisory fees paid

to the General Partner with respect to any AHF I investment; (ii) transaction fees paid to the General Partner with respect to any AHF I investment; and (iii) break-up fees with respect to AHF I transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth AHF I's Partnership Agreement; but not including, in any event, any amount received by the General Partner or other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business or (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company. In the event that the amount of the Management Fee reduction referred to above exceeds the Management Fee any semi-annual period, such excess shall be carried forward to reduce the Management Fee payable in following semi-annual periods. To the extent any such excess remains unapplied upon AHF I's final distribution of assets, each AHF I investor (other than any AHF I investor designated as an "affiliated partner") will receive its share of such unapplied excess unless such AHF I investor has previously notified the relevant General Partner in writing of its irrevocable election not to receive its share of such excess.

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees. To the extent that any other fund or any other entity or individual co-invests alongside AHF I in any portfolio company investment, any Transaction Fees will be allocated among AHF I and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, AHF I will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee and not the portion of any fee allocable to any other investor in a portfolio company.

As a matter of practice, it is expected that the Adviser will be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by AHF I that has also invested in such investment, and as a result AHF I will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which have the potential to be significant. Additionally, as further described below and in AHF I's Memorandum and/or Partnership Agreement, it is the Adviser's practice to retain certain Senior Advisors (the "**Senior Advisors**") to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to AHF I, any alternative investment vehicle or any portfolio company or prospective portfolio company of AHF I or any alternative investment vehicle. Such Senior Advisors generally receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee.

AHF I's Partnership Agreements generally permits the Adviser to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee will be treated by the Partnership Agreement as a deemed capital contribution by the General Partner, which will be effectively invested in AHF I on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to AHF I. The limited



partners of AHF I 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 will not be 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.

#### *APCI*

The Adviser or its affiliate, during the investment period, is generally paid an annual management fee (the “**Management Fee**”), payable semi-annually, equal to 1.0% of aggregate investor capital commitments (“**Commitments**”) held by investors not designated as “affiliated partners” by the General Partner. The Management Fee shall be payable until the earliest to occur of, (i) a Change of Control, (ii) an Initial Public Offering, or (iii) the dissolution of the Partnership. The Adviser is also compensated in connection with the provision of a one-time 1.0% administrative fee from all investors and for ongoing administrative services to an investor as may be agreed between Advisor and any such investor in APCI, which is intended to reimburse to the Advisor for such Administrative Services.

#### *APCI II*

The Adviser or its affiliate, during the investment period, is generally paid an annual management fee (the “**Management Fee**”), payable semi-annually, equal to 1.0% of aggregate investor capital commitments (“**Commitments**”) held by investors not designated as “affiliated partners” by the General Partner. The Management Fee shall be payable until the earliest to occur of, (i) a Change of Control, (ii) an Initial Public Offering, or (iii) the dissolution of the Partnership. The Adviser is also compensated in connection with the provision of a one-time 1.0% administrative fee from all investors and for ongoing administrative services to an investor as may be agreed between Advisor and any such investor in APCI II, which is intended to reimburse to the Advisor for such Administrative Services.

#### *ACWC*

The Adviser or its affiliate, during the investment period, is generally paid an annual management fee (the “**Management Fee**”), payable semi-annually, equal to 1.0% of aggregate investor capital commitments (“**Commitments**”) held by investors not designated as “affiliated partners” by the General Partner. The Management Fee shall be payable until the earliest to occur of, (i) a Change of Control, (ii) an Initial Public Offering, or (iii) the dissolution of the Partnership. The Adviser is also compensated in connection with the provision of a one-time 1.0% administrative fee from all investors and for ongoing administrative services to an investor as may be agreed between Advisor and any such investor in ACWC, which is intended to reimburse to the Advisor for such Administrative Services.

#### *ASCI*

The Adviser or its affiliate, during the investment period, is generally paid an annual

management fee (the “**Management Fee**”), payable semi-annually, equal to 1.0% of aggregate investor capital commitments (“**Commitments**”) held by investors not designated as “affiliated partners” by the General Partner. The Management Fee shall be payable until the earliest to occur of, (i) a Change of Control, (ii) an Initial Public Offering, or (iii) the dissolution of the Partnership. The Adviser is also compensated in connection with the provision of a one-time 1.0% administrative fee from all investors and for ongoing administrative services to an investor as may be agreed between Adviser and any such investor in ASCI, which is intended to reimburse to the Adviser for such Administrative Services.

## *AHF II*

The Adviser or its affiliate, during the investment period, is paid an annual management fee (the “**Management Fee**”), payable semi-annually, equal to 2.0% of aggregate investor capital commitments (“**Commitments**”) held by investors not designated as “affiliated partners” by the General Partner. Commencing with the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events to be set forth in AHF II’s Partnership Agreement, the Management Fee will equal 2% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down, in each case with respect to investors not designated as “affiliated partners”; provided that investments in a portfolio company will be treated as having been disposed of or permanently written down only to the extent that, as of the date of any such disposition or write-down, the aggregate fair market value of all remaining AHF II investments in such portfolio company is less than AHF II aggregate investment contributions made with respect to such portfolio company. The General Partner may elect to waive a portion of the Management Fee in exchange for a reduction in the General Partner’s cash capital contribution obligation and/or a corresponding interest in AHF II profits. The Management Fee will be payable until the final distribution of AHF II’s assets or until the Adviser’s relationship with AHF II is terminated for other reasons (as described in AHF II’s Partnership Agreement). Installments of the Management Fee payable for any period other than a full six-month period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee will be reduced by an amount equal to 80% of the “Transaction Fees” attributable to AHF II investors not designated as “affiliated partners” by the General Partner. “Transaction Fees” include any: (i) directors’ fees, financial consulting fees or advisory fees paid to the General Partner with respect to any AHF II investment; (ii) transaction fees paid to the General Partner with respect to any AHF II investment; and (iii) break-up fees with respect to AHF II transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth AHF II’s Partnership Agreement; but not including, in any event, any amount received by the General Partner or other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company’s business or (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company. In the event that the amount of the Management Fee reduction referred to above exceeds the Management Fee any semi-annual period, such excess shall be carried forward to reduce the Management Fee payable in following semi-annual periods. To the extent any such excess remains unapplied upon

AHF II's final distribution of assets, each AHF II investor (other than any AHF II investor designated as an "affiliated partner") will receive its share of such unapplied excess unless such AHF II investor has previously notified the relevant General Partner in writing of its irrevocable election not to receive its share of such excess.

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees. To the extent that any other fund or any other entity or individual co-invests alongside AHF II in any portfolio company investment, any Transaction Fees will be allocated among AHF II and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, AHF II will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee and not the portion of any fee allocable to any other investor in a portfolio company.

As a matter of practice, it is expected that the Adviser will be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by AHF II that has also invested in such investment, and as a result AHF II will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which have the potential to be significant. Additionally, as further described below and in AHF II's Memorandum and/or Partnership Agreement, it is the Adviser's practice to retain certain Senior Advisors (the "**Senior Advisors**") to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to AHF II, any alternative investment vehicle or any portfolio company or prospective portfolio company of AHF II or any alternative investment vehicle. Such Senior Advisors generally receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee.

AHF II's Partnership Agreements generally permits the Adviser to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee will be treated by the Partnership Agreement as a deemed capital contribution by the General Partner, which will be effectively invested in AHF II on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to AHF II. The limited partners of AHF II 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 will not be 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.

## AHF II-A

The Adviser or its affiliate, during the investment period, is paid an annual management fee (the “**Management Fee**”), payable semi-annually, equal to 2.0% of aggregate investor capital commitments (“**Commitments**”) held by investors not designated as “affiliated partners” by the General Partner. Commencing with the first Management Fee due date after the expiration of the investment period or earlier upon the occurrence of certain events to be set forth in AHF II-A’s Partnership Agreement, the Management Fee will equal 2% of (i) the aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down, in each case with respect to investors not designated as “affiliated partners”; provided that investments in a portfolio company will be treated as having been disposed of or permanently written down only to the extent that, as of the date of any such disposition or write-down, the aggregate fair market value of all remaining AHF II-A investments in such portfolio company is less than AHF II-A aggregate investment contributions made with respect to such portfolio company. The General Partner may elect to waive a portion of the Management Fee in exchange for a reduction in the General Partner’s cash capital contribution obligation and/or a corresponding interest in AHF II-A profits. The Management Fee will be payable until the final distribution of AHF II-A’s assets or until the Adviser’s relationship with AHF II-A is terminated for other reasons (as described in AHF II-A’s Partnership Agreement). Installments of the Management Fee payable for any period other than a full six-month period are adjusted on *pro rata* basis according to the actual number of days in such period.

The Management Fee will be reduced by an amount equal to 80% of the “Transaction Fees” attributable to AHF II-A investors not designated as “affiliated partners” by the General Partner. “Transaction Fees” include any: (i) directors’ fees, financial consulting fees or advisory fees paid to the General Partner with respect to any AHF II-A investment; (ii) transaction fees paid to the General Partner with respect to any AHF II-A investment; and (iii) break-up fees with respect to AHF II -A transactions not completed that are paid to the General Partner, in each case net of certain expenses (including those described below) as set forth AHF II-A’s Partnership Agreement; but not including, in any event, any amount received by the General Partner or other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company’s business or (C) as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company. In the event that the amount of the Management Fee reduction referred to above exceeds the Management Fee any semi-annual period, such excess shall be carried forward to reduce the Management Fee payable in following semi-annual periods. To the extent any such excess remains unapplied upon AHF II-A’s final distribution of assets, each AHF II-A investor (other than any AHF II-A investor designated as an “affiliated partner”) will receive its share of such unapplied excess unless such AHF II-A investor has previously notified the relevant General Partner in writing of its irrevocable election not to receive its share of such excess.

Various costs and expenses will reduce Transaction Fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such Transaction Fees. To the extent that any other fund or any other entity or individual co-invests alongside AHF II-A in any

portfolio company investment, any Transaction Fees will be allocated among AHF II-A and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, AHF II-A will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such Transaction Fee and not the portion of any fee allocable to any other investor in a portfolio company.

As a matter of practice, it is expected that the Adviser will be paid fees of the type referred to in the preceding paragraph from, on behalf of or with respect to co-investors in an investment. The receipt of such fees will not reduce the Management Fee payable by AHF II-A that has also invested in such investment, and as a result AHF II-A will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee that relates to such co-investors, which have the potential to be significant. Additionally, as further described below and in AHF II-A's Memorandum and/or Partnership Agreement, it is the Adviser's practice to retain certain Senior Advisors (the "**Senior Advisors**") to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to AHF II-A, any alternative investment vehicle or any portfolio company or prospective portfolio company of AHF II-A or any alternative investment vehicle. Such Senior Advisors generally receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee.

AHF II-A's Partnership Agreements generally permits the Adviser to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee will be treated by the Partnership Agreement as a deemed capital contribution by the General Partner, which will be effectively invested in AHF II-A on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to AHF II-A. The limited partners of AHF II-A 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 will not be 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.

## *AHFC II*

Neither the Adviser nor its affiliates is paid a management fee for the provision of investment advisory services to AHFC II.

## **Carried Interest and Other Performance-Based Compensation Arrangements**

### *RizePoint*

With respect to RizePoint, an equity ownership interest representing 17.5% of RizePoint on a fully diluted basis was set aside for members of senior management of the portfolio company owned by RizePoint and the Adviser (or its affiliate), with a 10% equity interest allocated to such senior management and a 7.5% equity interest allocated to the Adviser (or its affiliate). As more fully described in the Partnership Agreement of RizePoint or Side Letters with certain investors in RizePoint, distributions are generally made in the following order: (1) first, to each RizePoint investor, an amount equal to such investor's unreturned invested capital, (2) second, an 8% compound preferred return to each such investor, and (3) third, 82.5% to such investors, 10% to the members of the portfolio company's senior management, and 7.5% to the Adviser (or its affiliate).

### *FPG*

With respect to FPG Existing Partner, the Adviser receives a carried interest equal to 10% of all realized profits subject to an 8% compound preferred return, and with respect to FPG New Partner the Adviser receives a carried interest up to 25% of all realized profits subject to an 8% compound preferred return as more fully described in FPG's Partnership Agreement. The carried interest distributed to the Adviser will be subject to a potential giveback (i) upon the final distribution of FPG's assets if the Adviser has received excess cumulative carried interest distributions as provided in the Partnership Agreement.

### *Kuvare*

With respect to Kuvare, an equity ownership interest equal to approximately 12%, on a fully diluted basis, of the underlying Kuvare platform investment was set aside for the senior management of such platform investment, two third-party private fund sponsors and the Adviser (or an affiliate). Of this 12% equity ownership interest, the Adviser (or an affiliate) received an interest equal to less than 0.5% of the underlying Kuvare platform investment. As more fully described in the limited partnership agreement of the main holding company for the Kuvare platform investment or side letters with certain investors in such holding company, distributions are generally made in the following order (1) return of capital, (2) a preferred return, (3) catch-up allocations, and (4) the remainder proportionally in accordance with ownership percentages in the underlying Kuvare platform investment. The distributions to the Adviser (or its affiliates) are subject to a potential claw-back to the extent the Adviser (or its affiliate) receives excess cumulative distributions.

With respect to KUV ATS and KUV BNYH, the Adviser (or its affiliate) received or will receive a carried interest of all realized profits received by each of KUV ATS and KUV BNYH. With respect to KUV BNYH, the Adviser (or its affiliate) will received a carried interest, subject to a 8% compound preferred return, equal to 10% of realized profits until certain performance hurdles based on the internal rate of return are achieved. Once those performance hurdles are achieved, the Adviser's (or its affiliate's) carried interest will increase to 20% of realized profits. With respect to KUV ATS, the Adviser (or its affiliate) will receive a carried interest equal to 10% of realized profits after a performance hurdle based on the internal rate of return is achieved. If additional performance hurdles based on the internal rate of return are subsequently achieved, the

Adviser's (or its affiliate's) carried interest increases up to 20% of realized profits. The carried interest distributed to the Adviser (or its affiliate) is subject to a potential claw-back to the extent the Adviser (or its affiliate) receives excess cumulative carried interest distributions upon the liquidation or IPO of the underlying Kuvare platform investment.

#### *AHF I*

With respect to AHF I, the Adviser receives a carried interest equal to 20% of all realized profits subject to an 8% compound preferred return, as more fully described in AHF I's Partnership Agreement. The carried interest distributed to the Adviser will be subject to a potential giveback (i) upon the final distribution of AHF I's assets if the Adviser has received excess cumulative carried interest distributions and (ii) at certain interim intervals as provided in the Partnership Agreement.

#### *APCI*

With respect to APCI, the Adviser receives a carried interest equal to 10% of all realized profits subject to an 8% compound preferred return, as more fully described in APCI's Partnership Agreement. The carried interest distributed to the Adviser will be subject to a potential giveback upon the final distribution of APCI's assets if the Adviser has received excess cumulative carried interest distributions.

#### *APCI II*

With respect to ACWCI, the Adviser receives a carried interest equal to 10% of some realized profits subject to an 8% compound preferred return on certain investors, as more fully described in APCI II's Partnership Agreement or side letters with certain investors.

#### *ACWCI*

With respect to ACWCI, the Adviser receives a carried interest equal to 10% of some realized profits subject to an 8% compound preferred return on certain investors, as more fully described in ACWCI's Partnership Agreement or side letters with certain investors.

#### *ASCI*

With respect to ACWCI, the Adviser receives a carried interest equal to 10% of some realized profits subject to an 8% compound preferred return on certain investors, as more fully described in ASCI's Partnership Agreement or side letters with certain investors.

#### *AHF II*

With respect to AHF II, the Adviser receives a carried interest equal to 20% of all realized profits subject to an 8% compound preferred return, as more fully described in AHF II's Partnership Agreement. The carried interest distributed to the Adviser will be subject to a potential giveback (i) upon the final distribution of AHF II's assets if the Adviser has received excess cumulative carried interest distributions and (ii) at certain interim intervals as provided in the Partnership Agreement.

## *AHF II-A*

With respect to AHF II-A, the Adviser receives a carried interest equal to 20% of all realized profits subject to an 8% compound preferred return, as more fully described in AHF II-A's Partnership Agreement. The carried interest distributed to the Adviser will be subject to a potential giveback (i) upon the final distribution of AHF II-A's assets if the Adviser has received excess cumulative carried interest distributions and (ii) at certain interim intervals as provided in the Partnership Agreement

## *AHFC II*

Neither the Adviser nor its affiliates is paid carried interest for the provision of investment advisory services to AHFC II.

## **Other Information**

The Adviser (or its affiliate) is also paid an annual monitoring fee in connection with the management and operational services it provides to each of the RizePoint and FPG portfolio companies, as well as a fee upon the sale of each of the RizePoint and FPG portfolio companies. Additionally, the Adviser (or its affiliate) is paid an administrative fee for providing administrative services (*e.g.*, coordinating an annual audit and liaising with auditors, coordinating the preparation of any tax returns or other tax reports or filings and performing any other tax compliance functions, reviewing financial statements and performing valuation services, coordinating any regulatory reporting, reviewing legal documents and inquiries and such other services as may be agreed from time to time) to certain investors in FPG and Kuvare. None of the fees described above reduce any of the compensation otherwise paid to the Adviser or its affiliates.

The Adviser is permitted in its sole discretion to designate and to exempt certain "affiliated partner" investors in the Funds from payment of all or a portion of Management Fees and/or performance-based compensation. Any such exemption from Management Fees and/or performance-based compensation 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 performance-based compensation with respect to such Fund. Additionally, to the extent permitted by the applicable Partnership Agreement, the Adviser has the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or performance-based compensation.

The Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the Partnership Agreement, 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 Access Holdings generally receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, performance-based compensation or other compensation received by the



Adviser or its affiliates.

In addition to the Management Fee and performance-based compensation payable to the Adviser, each Fund bears certain expenses. As set forth more fully in the applicable Memorandum and/or Partnership Agreement of each Fund, a Fund bears all expenses relating to the Fund's activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce transaction fees, including: (i) activities with respect to the structuring, organizing, negotiating, consummating, financing, refinancing, acquiring, bidding on, owning, managing, monitoring, operating, holding, hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, or otherwise disposing of, as applicable, portfolio companies and the Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other fees and expenses payable to attorneys, accountants, investment bankers, lenders, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Fund, the Adviser, the relevant General Partner or any affiliated partner on behalf of such Fund (including any credit facility, letter of credit or similar credit support), including interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar fees and expenses; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services; (v) brokerage, sale, custodial, depository, trustee, record keeping, account and similar services; (vi) legal, accounting, research (including third-party research regarding general industries or sectors in which the Fund may invest), auditing, administration (including fees and expenses associated with the Fund's third-party administrator and administration or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services), consulting (including consulting and retainer fees and other compensation paid to consultants performing investment initiatives and other similar consultants), tax and other professional services; (vii) reverse breakup, termination and other similar fees; (viii) directors and officers liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses; (ix) filing, title, transfer, registration and other similar fees and expenses; (x) printing, communications, marketing and publicity; (xi) the preparation, distribution or filing of Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or any other administrative, compliance or regulatory filings or reports (including Form PF and any filings or reports contemplated by the Alternative Investment Fund Managers Directive or any similar law, rule or regulation), or other information, including fees and costs of any third-party service providers and professionals related to the foregoing; (xii) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software or other administrative or reporting tools (including subscription-based services) for the benefit of the Fund or Fund investors; (xiii) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information; (xiv) to the extent provided in the applicable Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Fund's advisory committee (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the Fund's advisory committee members, permitted observers and other persons in attending or otherwise participating in meetings of the Fund advisory committee); (xv)

indemnification (including any fees, costs and expenses incurred in connection with indemnifying any Partner or other Person pursuant to the Partnership Agreement or otherwise and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xvi) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including any judgment, other award or settlement entered into in connection therewith; (xvii) any annual Fund investor meeting or other periodic, if any, meetings of the Fund investors and any other conference or meeting with any Fund investor(s), in each case to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner; (xviii) the Management Fee; (xix) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities; (xx) the termination, liquidation, winding up or dissolution of the Fund; (xxi) defaults by partners in the payment of any capital contributions; (xxii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner, the Adviser and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxiii) (A) complying with any law or regulation related to the activities of the Fund (including regulatory expenses of the General Partner incurred in connection with the operation of the Fund and legal fees and expenses) and/or (B) any litigation or governmental inquiry, investigation or proceeding involving the Fund, including the amount of any judgments, settlements or fines paid in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreement; (xxiv) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer contemplated by the Partnership Agreement; (xxv) any taxes, fees and other governmental charges levied against the Fund and all expenses incurred in connection with any tax audit, investigation settlement or review of the Fund (except to the extent that the Fund is reimbursed therefor by a reimbursing partner or such tax, fee or charge is treated as having been distributed to the partners pursuant to the Partnership Agreement); (xxvi) distributions to the partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxvii) compliance or regulatory matters related to the Fund, except as otherwise set forth in the Partnership Agreement; (xxviii) any travel, lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxix) any organizational expenses; (xxx) any placement fees; and (xxxi) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Committee. The Funds also bear expenses indirectly to the extent a portfolio company pays expenses, including expenses of the Adviser and/or its affiliates. Excluded from Fund expenses are all ordinary overhead and administrative expenses of the Adviser incurred in connection with maintaining and operating its office(s) and business activities, including employees' salaries, rent and equipment expenses, except as otherwise provided in the Partnership Agreement. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth

in “Item 12. Brokerage Practices.”

In certain circumstances, one Fund may pay an expense common to multiple Funds (including without limitation legal expenses for a transaction in which all such Funds participate, or other fees or expenses in connection with services the benefit of which are received by other Funds over time), and be reimbursed by the other Funds for their share of such expense, without interest. While the Adviser believes such circumstances to be highly unlikely, it is possible that one of the other Funds could default on its obligation to reimburse the paying Fund. In certain circumstances, the Adviser may advance amounts related to the foregoing and receive reimbursement from the Funds to which such expenses relate.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to the Adviser’s related policies and the applicable Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, all broken deal expenses relating to such proposed transaction generally will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction.

The Adviser and/or its affiliates generally have discretion over whether to charge Transaction Fees, monitoring fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such compensation. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and the Adviser and/or its affiliates on the other hand.

### **Senior Advisors**

Additionally, as further described herein and/or in the applicable Memorandum of a Fund, the Adviser has created a Senior Advisor group comprised of persons which have been, or will in the future be, retained by the General Partner of certain Funds or any of their affiliates primarily to provide manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to such Fund, any alternative investment vehicle or any portfolio company or prospective portfolio company of the respective Fund or any alternative investment vehicle. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Senior Advisors receive compensation, including, but not limited to cash fees, retainers, transaction fees, a profits or equity interest in a portfolio company, profits or equity interests in one or more Funds or General Partners, remuneration from the Adviser and/or its Funds or affiliates or other compensation. Senior Advisors also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset Management Fees or other fees paid to the Adviser or its affiliates. The use of Senior Advisors subjects the Advisers to conflicts of interest, as discussed under “Conflicts of Interest,” below.

## **Value Creation Fees**

On occasion, Access Holdings receives fees, in direct connection with the value creation activities (“Value Creation Fee” or “VC Fee”) from the portfolio companies in which AHF II is invested. For the avoidance of doubt, the VC Fees are paid directly by AHF II’s portfolio companies for services rendered by the Value Creation Team, as further discussed below. If received, the VC Fee will not be used to offset the Management Fee or otherwise be credited to, or shared with, the investors in a manner more fully described in the AHF II’s Offering Documents where applicable.

Access Holdings’ Value Creation Team (“VCT”) provides strategic planning, mergers and acquisitions support, operational improvement, and talent management services to portfolio companies in which certain funds managed by Access Holdings invests, as well as lead generation in connection with Access Holdings investing activities. AHF II’s portfolio companies are charged VC Fees which will be used to help fund the costs incurred by Access Holdings for costs incurred by the VCT. VC Fees received in excess of AHF II’s allocable portion of the VC Fees, as calculated on an annual basis, if any, will offset the Management Fee paid by AHF II.

## **Item 6. PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Item 5. Fees and Compensation,” the Adviser or its affiliate receives a carried interest allocation or similar performance-based compensation on certain realized profits in certain Funds. Additionally, the Adviser or its affiliate generally has the authority with respect to certain Funds to waive carried interest for certain affiliated partners as described under “Fees and Compensation.”

The existence of performance-based compensation has the potential to create an incentive for the Adviser or its affiliate 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. Additionally, the Adviser and its supervised persons may have an incentive to favor Funds for which it receives performance-based compensation. Certain Funds may also impose higher performance-based compensation arrangements than other Funds. Accordingly, a potential exists for one Fund to be favored over another Fund (*i.e.*, the Adviser and its investment personnel have a greater incentive to favor client accounts that pay the Adviser (and indirectly its investment personnel) performance-based compensation or higher fees). However, because of the nature of the Funds’ investment activities (*i.e.*, many of the Funds invest in a single portfolio company or closely related portfolio companies that will not be invested in by other Funds), the risk of favoring any particular Fund is mitigated.

## **Item 7. TYPES OF CLIENTS**

The Adviser provides investment advice to the Funds. The Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. 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, Senior Advisors or other service providers retained by the Adviser.

The Funds may include alternative investment vehicles established from time to time in order to permit one or more investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the related Fund.

RizePoint and Kuvare generally do not have a minimum investment amount. Future Funds generally are expected to have a minimum capital commitment amount of \$5,000,000 for third-party investors. Such minimum capital commitment amount may be waived by the Adviser. Interests in RizePoint and Kuvare were offered and sold solely to accredited investors. Interests in future Funds are expected to be offered and sold solely to accredited investors that are also qualified clients and, unless waived in the discretion of the General Partner, qualified purchasers (or qualified knowledgeable Access Holdings personal).

## **Item 8. METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

The Adviser utilizes a thematic approach to investing. The investment strategy is implemented using a research-heavy approach, beginning with an analysis of macro and structural trends. Once the Adviser has identified a trend, the Adviser analyzes industries to determine the business models that the Adviser believes will see outsized benefits from that trend, and that have inherent operating leverage. After developing a thesis around a trend, an industry, and a business model within the targeted industry, the Adviser compiles a list of prospective targets and actively pursues an investment opportunity. The Adviser then builds relationships with management teams and owners, working to determine the optimal entry point to establish a platform. The Adviser believes the thematic approach results in the Adviser investing in businesses the Adviser wants to own, rather than merely those that are for sale. The Adviser believes this approach reduces exogenous market risk and promotes a more rapid deployment of value creation strategies upon close.

The Adviser targets what it believes are niche, essential service-based businesses with the following characteristics: providing an essential service; operating in stable, growing markets; posting diversified, predictable sales; exhibiting long-term, stable margins; holding a clearly definable and quantifiable value proposition; presenting multiple levers to create value; and offering opportunities to unlock value through repositioning; provided that not all investments will contain all or a majority of these included characteristics.

At the point of investment, the Adviser will seek to implement well-developed long-term plans that establish best practices and processes to ensure the business is equipped to execute the

underwritten organic and inorganic growth plan. The Adviser invests significant time, energy, and human capital with each asset post-investment to seek to build the capabilities necessary to pull the value creation levers identified during the research and underwriting process.

The Adviser generally targets a hold period of between five and seven years. The Adviser believes that longer hold periods allow the Fund to compound value over the entire course of ownership, expand the pool of investment opportunities by including businesses seeking patient capital, lower the friction costs associated with reinvesting LP capital, and allow the Fund to better optimize exit timing.

## **Investment and Operating Strategy**

*Thematic Research.* The research process for investment themes is both a firm-wide effort and a firm-wide responsibility. New themes are proposed to the Adviser's Investment Committee, with each member of the Adviser's broader team being expected to contribute to the discussion with independently generated ideas.

*Sourcing.* The Adviser actively pursues businesses and utilizes a thematic investment approach based on macro trends and demographic shifts. The Adviser regularly reviews these trends, including demographic, regulatory, structural and technological, analyzes how these trends will impact industries and assesses how the delivery of a particular service may be altered.

*Structuring Downside Protection.* The Adviser pursues investments it believes have low levels of business and market risk due to their essential nature. As part of its strategy, the Adviser will seek downside protection in its investments, focusing specifically on the preservation of capital. The Adviser utilizes a variety of approaches (often in combination) to achieve this downside protection, including preferred equity positions, earn-outs, conservative entry multiples, modest use of leverage, and employing conservative base case underwriting assumptions, such that investments are more likely to outperform than underperform.

*Control and Governance Rights.* The Adviser generally seeks deal structures biased toward full control, enabling the Adviser to guide all major operational, strategic, capital and leadership decisions. In situations when the Adviser does not have full control, the Adviser will still seek to secure the above rights in addition to securing greater structural downside protection.

*Value Creation.* During the due diligence process, the Adviser works to identify multiple levers for value creation and, upon closing a transaction, seeks to invest to build the foundation that will allow the company and its management team to pull those levers. The Adviser typically works closely with management to develop a five-year plan with specific targets, accountabilities and timeline and a detailed human capital plan. On top of this, the Adviser typically works with management prior to close to construct a 100-day plan that outlines the key operational and investment activities that need to take place for the business to grow and maximize value for investors. Upon closing, the Adviser systematically executes against the 100-day plan to quickly and efficiently lay the foundation for future growth.

*Exit Planning.* The Adviser believes exit preparation begins prior to acquisition and will therefore seek to only acquire businesses the Adviser believes have multiple paths to exit, thereby creating maximum tension at the time of exit. The Adviser generally initiates efforts early to seek

to properly position a company for exit by identifying, educating, and broadening the potential buyer pool for each portfolio investment.

## **Risks of Investment**

Each Fund and its investors bear the risk of loss that the Adviser's investment strategy entails. The risks involved with the Adviser's investment strategy and an investment in a Fund include, but are not limited to:

*Business Risks.* A Fund's investment portfolio is expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

*Future and Past Performance.* The performance of the Adviser's principals prior investments is not necessarily indicative of a Fund's future results. While the Adviser intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

*Investment in Junior Securities.* The securities in which a Fund 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 a Fund's investment once made.

*Concentration of Investments.* Each Fund will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions in industry segments in which a Fund intends to invest is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to bear Management Fees through the relevant Fund during the investment period based on the entire amount of the limited partners' commitments and other expenses as set forth in the Partnership Agreement.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including any Management Fee payable to the General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including unfunded

commitments.

*Leveraged Investments.* A Fund may make use of leverage by having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Such use of leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets, (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of a Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, a Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which a Fund will invest generally will not be rated by a credit rating agency. A Fund may also borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt) or otherwise be liable therefor, and in such situations, it is not expected that a Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to a Fund that may not be covered by distributions made to a Fund or appreciation of its investments. A Fund may incur leverage on a joint and several basis with one or more other investment funds and entities managed by the General Partner or any of its affiliates and may have a right of contribution, subrogation or reimbursement from or against such entities. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by a Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of a Fund.

*Limited Transferability of Fund Interests.* There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Partnership Agreement and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

*Restricted Nature of Investment Positions.* Generally, there will be no readily available market for Fund investments, and hence, most of a Fund's investments will be difficult to value. Certain investments may be distributed in kind to the Fund investors and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest available to the Adviser with respect to such investment.

*Reliance on the General Partner and Portfolio Company Management.* Control over the operation of the Funds will be vested with the applicable General Partner, and a Fund's future profitability will depend largely upon the business and investment acumen of the Adviser's principals. The loss or reduction of service of one or more of the Adviser's principals could have



an adverse effect on a Fund's ability to realize its investment objectives. In addition, the Adviser's principals currently, and may in the future, manage other investment funds besides the Funds and the principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the principals. Fund investors generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend on the actions of the applicable General Partner. In addition, certain changes in a General Partner or circumstances relating to a General Partner may have an adverse effect on the applicable Fund or one or more of its portfolio companies including potential acceleration of debt facilities. Although the General Partners will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the applicable Fund's objectives.

*Absence of Operating History.* The Funds have limited or no operating history and will be entirely dependent on the General Partner. There can be no assurance that a Fund's investments will achieve results similar to those attained by previous investments of the Adviser's principals. In addition, a Fund's investments may differ from previous investments made by the Adviser's principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure, and holding period.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the Adviser in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Conflicting Investor Interests.* Fund investors may have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the Adviser regarding an investment that may be more beneficial to one investor than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the Adviser generally will consider the investment and tax objectives of the applicable Fund and its investors as a whole, not the investment, tax, or other objectives of any investor individually.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various

politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law is treated as an allocation of the partnership's income, which may be taxed at lower rates than ordinary income. Enactment of any such legislation, whether during or after the initial closing of a Fund, could adversely affect the ability of the Adviser's principals, employees or other individuals associated with a Fund or the Adviser who were or may in the future be granted direct or indirect interests in the applicable General Partner, to benefit from carried interest taxed at lower rates. This may reduce such persons' after-tax returns from a Fund and the applicable General Partner, which could make it more difficult for the Adviser and its affiliates to incentivize, attract and retain individuals to perform services for the Funds. These same issues may also apply to officers, directors and employees of a Fund's portfolio companies if such persons receive a profits interest in such companies.

*Alternative Investment Fund Managers Directive.* The European Union ("EU") Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). To the extent a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) the Fund and the applicable General Partner will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional costs and expenses; (ii) the Fund and the applicable General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Fund incurring additional costs and expenses or may otherwise affect the management and operation of the Fund; (iii) the applicable General Partner will be required to make detailed information relating to the Fund and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Fund in relation to EEA portfolio companies, including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Fund generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for the Fund to raise its targeted amount of Commitments.

In the future, it may be possible for non-EEA alternative investment fund managers ("AIFMs") to market an alternative investment fund ("AIF") within the EEA pursuant to a pan-European marketing "passport", instead of under national private placement regimes. Access to this passport may be subject to the non-EEA AIFM complying with various additional requirements under the AIFMD, which may include one or more of the following: additional conduct of business and organizational requirements; rules relating to the remuneration of certain personnel; minimum regulatory capital requirements; restrictions on the use of leverage; additional disclosure and reporting requirements to both investors and EEA home state regulators; independent valuation of an AIF's assets; and the appointment of an independent depository.

Certain EEA Member States have indicated that they will cease to operate national private placement regimes when, or shortly after, the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, the Adviser may not seek to market interests in a Fund in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in such Fund. Alternatively, if the Adviser sought to comply with the requirements to use the passport, this could have adverse effects including, amongst other things, increasing the regulatory burden and costs of operating and managing the Fund and its investments, and potentially requiring changes to compensation structures for key personnel, thereby affecting the Adviser's ability to recruit and retain these personnel.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful 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 is no assurance that a Fund will make follow on investments or that a Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* A Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the Partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the Partners. Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Hedging Arrangements; Related Regulations.* The Adviser may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an

economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject the Fund to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose the Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for the Adviser and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission (the "CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Significant Adverse Consequences for Default.* Certain Partnership Agreements provide for significant adverse consequences in the event a Fund investor defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Fund, a defaulting investor may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

*Dilution.* Fund investors admitted or that increase their respective Commitments to a Fund at subsequent closings generally will participate in then-existing investments of the Fund, thereby diluting the interest of existing investors in such investments. Although any such new investor 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 Fund's existing investments at the time of such contributions.

*General Partner's Carried Interest.* The fact that the General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause the applicable Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

*Transfer by General Partner.* To the extent the General Partner, its partners, the Adviser's principals and/or their respective affiliates commit to make a direct or indirect investment in or alongside the Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the applicable Partnership Agreement.

*Public Company Holdings.* A Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the relevant Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

*Non-Controlling Investments.* A Fund may hold meaningful minority stakes in privately held companies, and in some cases may have limited minority protection rights. In addition, during

the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if the Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Lack of Unilateral Control.* Even if a Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent the Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third parties may be in a position to take action contrary to the Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value.

*Director Liability.* A Fund will often seek to obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes the Fund's representatives, and ultimately the Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.

*Limitation of Recourse and Indemnification.* Certain Partnership Agreements generally will limit the circumstances under which the applicable General Partner and its affiliates will be held liable to the applicable Fund. As a result, Fund investors may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, certain Partnership Agreements generally will provide that the Fund will indemnify the applicable General Partner and its affiliates for certain claims, losses, damages and expenses arising out of their activities on behalf of the Fund. Such indemnification obligations could materially impact the returns to Fund investors.

*Litigation.* In the ordinary course of its business, a Fund may be subject to litigation from time to time. The outcome of such proceedings may materially adversely affect the value of the Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of the applicable General Partner's and the Adviser's principals' time and attention, and that time and the devotion of these resources to litigation may, at times, be

disproportionate to the amounts at stake in the litigation.

*Advisory Committee.* The General Partner may appoint one or more Fund investor representatives to the applicable Fund's Advisory Committee. The applicable Partnership Agreement may provide that to the fullest extent permitted by applicable law, none of such Advisory Committee members shall owe any fiduciary duties to the Fund or any other investor. In addition, representatives of the Advisory Committee may have various business and other relationships with the Adviser and its partners, employees and affiliates. These relationships may influence their decisions as members of the Advisory Committee.

*Material Non-Public Information.* As a result of the operations of the Adviser and its affiliates, the Adviser frequently comes into possession of confidential or material non-public information. Therefore, the Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon such Fund's portfolio companies.

*Market Conditions.* Any material change in the economic environment including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Fund's performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of a Fund to sell and/or partially dispose of its portfolio company investments. Such adverse effects may include the requirement of the Fund to pay break-up, termination or other fees and expenses in the event the Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the Adviser believes reflect the fair value of such investments. The impact of market and other economic events

may also affect a Fund's ability to raise funding to support its investment objectives.

*Ability to Finance and Consummate Investments.* A Fund's ability to generate attractive investment returns may be adversely affected to the extent a Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by any Fund. When estimating fair value, the Adviser will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. The exercise of discretion in valuation by the General Partner may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, a Fund and the applicable General Partner may be required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, *e.g.*, about the business and financial affairs of the applicable portfolio company, the condition 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. They may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, its investors.

*Risks in Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of the Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key personnel and disrupt normal business. There can be no assurance that a Fund will be able to successfully identify and implement such improvements.

*Cyber Security Breaches and Identity Theft.* The Fund and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquake. Although the General Partner intends to implement measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner, the Fund and/or a portfolio company may incur specific

time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Fund's and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner's, the Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

*Public Health Emergencies; COVID-19.* Currently, there is an ongoing outbreak of a novel and highly contagious form of coronavirus ("COVID-19"), which the World Health Organization formally declared in March 2020 to constitute a global "pandemic." This outbreak has caused a worldwide public health emergency, straining healthcare resources and resulting in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and COVID-19 have and are resulting in market volatility and disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity, all of which may result in significant losses to the Fund.

In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, have taken severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), business shutdowns (including sporting events, hospitality, food and beverage), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 has significantly diminished global economic production and activity of all kinds and has contributed to both volatility and a severe decline in all financial markets. Among other things, these unprecedented developments have resulted in material reductions in demand across various market sectors, dislocation in capital markets, labor force and operational disruptions, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households.

The ultimate impact of COVID-19 — and the resulting precipitous decline in economic and commercial activity across almost all of the world's largest economies — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. The extent of COVID-19's impact will depend on many factors, including the ultimate duration and scope of the public health emergency and the restrictive countermeasures being undertaken, as well as the effectiveness of other governmental, legislative and financial and monetary policy interventions designed to mitigate the crisis and address its negative externalities, all of which are evolving rapidly and may have unpredictable results.

The ongoing COVID-19 crisis and any other public health emergency could have a



significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Fund's and its portfolio investments' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives. In addition, the operations of the Fund, its portfolio investments, the General Partner and the Adviser may be significantly impacted as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods and hampering the performance of operational and administrative functions.

## **Conflicts of Interest**

The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including, investment activities for their own account and for the account of other Funds, and providing transaction-related, legal, management and other services to Funds and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the applicable Partnership Agreement, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of a Fund may conflict with the interests of the Adviser, one or more other Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Funds.

To the extent applicable, until such time as the Adviser is permitted to raise a successor investment fund under the Funds' Partnership Agreements, all appropriate investment opportunities will be pursued by the Adviser through such Funds, subject to certain limited exceptions. Without limitation, the Adviser principals currently manage, and expect in the future to manage, several other investments similar to those in which a Fund will be investing, and may direct certain relevant investment opportunities to those investments. The Adviser's principals and the Adviser's investment staff will continue to manage and monitor such investments until their realization. Such other investments that the Adviser principals may control or manage may potentially compete with companies acquired by a Fund. Following the commitment period of a Fund, the Adviser principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, the Adviser will be presented with investment opportunities that would

be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by advisory affiliates of the Adviser. In determining which investment vehicles should participate in such investment opportunities, the Adviser and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. Investments by more than one client of the Adviser in a portfolio company may also raise the risk of using assets of a client of the Adviser to support positions taken by other clients of the Adviser.

The Adviser must first determine which Fund(s) will, or are required to, participate in the relevant investment opportunity. The Adviser generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Partnership Agreement, as well as factors including but not limited to: each Fund's investment restrictions and objectives (including those set forth in the relevant Funds' Partnership Agreements, where applicable), strategy, risk profile, time horizon, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure and other relevant factors. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested. A Fund may invest together with other Funds advised by an affiliated adviser of the Adviser in the manner set forth in the applicable Partnership Agreements and the Adviser's Allocation Policy. The Adviser will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable consistent with the Adviser's obligations and may take into consideration factors such as those set forth above.

Following such determination of allocation among Funds, the Adviser will determine if the amount of an investment opportunity in which one or more Funds will invest exceeds the amount that would be appropriate for such Fund(s) and any such excess may be offered to one or more potential co-investors, including third parties, as determined by the Funds' Partnership Agreements, Side Letters and the Adviser's procedures regarding allocation. The Adviser's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; the Adviser's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the Adviser's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; the likelihood that an investor may invest in a future fund sponsored by the Adviser or its affiliates; and whether the Adviser believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or the Adviser. The Advisers may grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by the Adviser or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other the Adviser investors. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside certain Funds, the Adviser and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

The Adviser's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While the Adviser will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject, discussed herein, did not exist.

In certain cases, the Adviser will have opportunity (but, subject to any applicable restrictions or procedures in the applicable Partnership Agreement, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, the Adviser will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors similar to those employed in selecting co-investors, and unless required by the applicable Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

Where multiple Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any workout or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by the Adviser in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, the Adviser may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Fund versus another Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies). If a Fund enters into any indebtedness with another Fund on a joint and several basis, the applicable General Partner generally intends to enter into one or more agreements that provide each Fund with a right of contribution, subrogation or reimbursement. In administering, or seeking to reinforce, these agreements, the Adviser may be subject to conflicts

of interest, for example between a Fund with a reimbursement obligation and a Fund seeking reimbursement. The Adviser generally will mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Conflicts may arise when a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. The Adviser and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions may be taken for one or more Funds that adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Partnership Agreements of the Funds, the Adviser will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances and considering such factors as it deems relevant, but in its sole discretion. In exercising such discretion, the Adviser may be faced with a variety of potential conflicts of interest.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-invest vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by the Adviser or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, *e.g.*, in determining whether to allocate *pro rata* based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size. The Funds have different expense reimbursement terms, including with respect to Management Fee offsets (if applicable), which may result in the Funds bearing different levels of expenses with respect to the same investment.

As a result of the Funds' controlling interests in portfolio companies, the Adviser and/or its affiliates typically have the right to appoint portfolio company board members (including current or former the Adviser personnel or persons serving at their request), or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to the Adviser and/or its affiliates. Unless such amounts are subject to the Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to the Adviser.

Additionally, a portfolio company typically will reimburse the Adviser or service providers retained at the Adviser's discretion for expenses (including without limitation travel expenses) incurred by the Adviser or such service providers in connection with its performance of services

for such portfolio company. This subjects the Adviser and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. The Adviser determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to the Adviser or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

The Adviser generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services with (i) the Adviser or a related person of the Adviser (which may include a portfolio company of such Fund), (ii) an entity with which the Adviser or its affiliates or current or former members of their personnel has a relationship or from which the Adviser or its affiliates or their personnel otherwise derives financial or other benefit or (iii) certain limited partners or their affiliates. For example, the Adviser may be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects the Adviser to conflicts of interest, because although the Adviser selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, the Adviser may have an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that the Adviser, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or the Adviser), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not the Adviser has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, from time to time the Adviser may cause a Fund to enter into a transaction whereby the Fund purchases securities from, or sells securities to, other Funds managed by the Adviser, or co-investors or co-investment vehicles. Such transactions may arise in the context of re-balancing an investment among parallel investing entities or in contexts where a portfolio company owned by one Fund is acquired by a portfolio company acquired by another Fund. Any such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' limited partnership agreements or otherwise in the sole discretion of the Adviser, the Adviser may seek to mitigate such conflicts by seeking the opinion of an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund's advisory board, if applicable) to such transactions.

In certain circumstances, the Adviser may determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction to the Fund under then-current market conditions. The Adviser intends that any such transactions be conducted in a manner that it believes in good faith to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

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

The Adviser and/or its affiliates may also, from time to time, employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by the Adviser and/or its affiliates; conversely, current or former personnel or executives of the Adviser and/or its affiliates may serve in significant management roles at portfolio companies or service providers recommended by the Adviser. Similarly, the Adviser, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the Adviser and/or its affiliates, and/or the Funds or other investment vehicles they advise. The Adviser may have a conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide the Adviser information about markets and industries in which the Adviser operates (or is contemplating operations) or will provide other services that are beneficial to the Adviser. The Adviser may 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 a Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

In certain circumstances, current or former Adviser personnel may serve in interim or part-time roles at a portfolio company, or may provide services to a portfolio company as a secondee or in similar capacities, while maintaining certain benefits, support services or indicia of employment at the Adviser. Under such arrangements, the Adviser and/or the relevant portfolio company may pay all or a portion of the personnel costs of such employee, or supervise or oversee such employee. These arrangements have the potential to create conflicts of interest, in that amounts paid by a portfolio company in connection with secondee relationships will not result in

additional offsets to the Management Fee. Due to the nature of secondee relationships, which are often initiated to meet a temporary portfolio company need, the arrangements between such employees and the related portfolio company are expected to change over time, and in many cases will be terminated when the portfolio company is sold. Employees may or may not return to the Adviser at the end of such secondee arrangement.

The Adviser, its affiliates, and equity holders, officers, principals and employees of the Adviser and its affiliates may buy or sell securities or other instruments that the Adviser has recommended to a Fund. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the Fund's Partnership Agreement and any policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of the Adviser have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, and therefore may have additional conflicting interests in connection with these investments.

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 will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to Senior Advisors and other consultants (including consultants introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Senior Advisors may make use of Adviser resources or otherwise are associated with the Adviser. The Adviser and/or its affiliates may agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Senior Advisors generally receive investment opportunities, reimbursements and other compensation that do not offset the Management Fee of any Fund, as described herein. Although the use of Senior Advisors and the allocation of compensation paid to them by the Adviser, its affiliates and/or the portfolio companies subjects the Adviser and/or its affiliates to potential conflicts of interest, the Adviser believes that such potential conflicts may be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Senior Advisors is lower than market rates for the services provided and/or if the services of the Senior Advisors align with the Adviser's model for the portfolio company and improve portfolio company performance. Although the Adviser seeks to retain Senior Advisors with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Senior Advisors and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

With respect to certain Funds, because there is a fixed investment period after which, with respect to certain Funds, capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure may create an incentive to deploy capital when the Adviser may not otherwise have done so. Since the Adviser, with respect to certain Funds, is permitted to retain certain Transaction Fees (as described under “Fees and Compensation”) in connection with Fund investments, it could have a conflict of interest in connection with approving transactions and setting such compensation.

The Adviser and/or its affiliates may enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by the Adviser’s advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

## **Item 9. DISCIPLINARY INFORMATION**

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**

The Adviser is affiliated with other Access Holdings investment advisers registered with the SEC under the Advisers Act pursuant to the Adviser’s registration in accordance with SEC guidance. These entities operate as a single advisory business together with the Adviser and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

With respect to the Kuvare platform investment in which the Kuvare entities invest, the Adviser brought in two third-party investment managers (collectively with the Adviser, the “Investor Consortium”) as co-investors to provide the additional capital support needed for the Kuvare platform investment. The Adviser shares substantial control and authority over the co-investment with the two third-party investment managers through the election of directors that govern entities utilized for the co-investment, as well as certain control and consent rights. The Adviser does not provide continuous and regular supervisory or investment management services



to such co-investment entities. The relationship between the Investor Consortium and the various investment vehicles to which they provide services creates a potential for conflicts of interest. The Investor Consortium has sought to mitigate any potential conflicts by structuring the governing documents relating to the Kuvare platform investment in a manner intended to align the interests of the Investor Consortium and each of the relevant investment vehicles; however, there can be no guarantee that all such conflicts have been effectively mitigated.

As part of the initial structuring of the Kuvare platform investment, the Investor Consortium created a separate operating entity—Kuvare Insurance Services (“KIS”)—that provides the Kuvare platform investment with strategic, acquisition, and advisory services and in exchange receives a management fee based on certain assets of the Kuvare platform investment. KIS is collectively owned by the Investor Consortium, as a result of Access Holdings’ role in founding the business, and the Chief Executive Officer (the “CEO”) of the Kuvare platform investment. KUV (and Access Holdings GP LP) and the CEO own the highest relative share of KIS relative to capital investment contributions. Because KIS is affiliated with the Adviser and the agreement between KIS and the Kuvare platform investment is not negotiated on an arm’s length basis, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

#### **Item 11. CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING**

The Adviser has adopted the Access Holdings Code of Ethics and Securities Trading Policy and Procedures (the “Code”), which sets forth standards of conduct that are expected of Access Holdings principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Access Holdings personnel to report their personal securities transactions, prohibits or requires pre-clearance for Access Holdings personnel from directly or indirectly acquiring beneficial ownership or disposing of securities in an initial public offering, and prohibits Access Holdings personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the Access Holdings Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Omar Rahman, the Access Holdings Chief Compliance Officer, at (443) 836-6931. 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.

The Adviser and its affiliated persons may come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor’s decision to buy, sell or hold a security. Under applicable law, the Adviser and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of the Adviser.

Accordingly, should the Adviser 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 Access Holdings personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

Principals and employees of the Adviser 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 the Advisers, 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 borrow funds on behalf of a Fund and contribute such borrowed amounts to the relevant Fund as a special capital contribution for investment, to be redeemed at a later date. Interest in connection with such borrowing is borne by the relevant Fund as a Fund expense, consistent with the Partnership Agreement and the expense policy described under “Fees and Compensation.” 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. The Adviser will effect such borrowings in a manner it believes to be fair and equitable to the Fund, and consistent with the Adviser’s obligations to the Fund and the Partnership Agreement.

## **Item 12. BROKERAGE PRACTICES**

The Adviser 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. Although the Adviser does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If the Adviser sells publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Adviser. In

such event, the Adviser will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Adviser may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

The Adviser has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Adviser generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Adviser seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Adviser generally does not make use of such services at the current time and has not made use of such services since its inception. The Adviser may, in its discretion, cause the Funds to pay brokers providing such research services a commission to effect such transactions in excess of the amount that would have been charged by another adequately qualified broker. This may be done where the Adviser has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. To the extent the Adviser uses “soft dollars” on behalf of the Funds, it will seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

The Adviser does not anticipate engaging in significant public securities transactions; however, to the extent that the Adviser engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. In the event that the Adviser will purchase or sell securities for several client accounts at approximately the same time, such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds. Exceptions to *pro rata* allocations are permissible provided they are fair and equitable to Funds over time.

In the Adviser’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. However, the Adviser monitors companies in which the Funds invest, and the Access Holdings Chief Compliance Officer periodically checks to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will provide to its limited partners (i) quarterly unaudited financial statements, (ii) annual GAAP audited financial statements, (iii) annual tax information necessary for each limited partner's tax return and (iv) periodic reports providing a narrative summary of the status of each portfolio company investment.

### **Item 14. CLIENT REFERRALS AND OTHER COMPENSATION**

The Adviser and/or its affiliates may provide certain business or consulting services to companies in a Fund's portfolio and may receive compensation from these companies in connection with such services. As described in the Partnership Agreement, this compensation may, in many cases, offset a portion of the Management Fees paid by such 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. *See* "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). The Adviser currently has retained UBS Securities LLC ("UBS"), to solicit Commitments from investors in exchange for a fee calculated as a certain percentage of Fund Commitments, in addition to the reimbursement of certain expenses.

### **Item 15. CUSTODY**

Under the Custody Rule, an adviser has custody if it acts in any capacity that gives the adviser legal ownership of, or access to, client funds or securities. The Adviser is deemed to have custody of the assets of the Fund, because it or one of its affiliates (the General Partner of the Fund) either (i) acts as General Partner of the Fund, with the authority to dispose of funds and securities in the Fund's accounts or (ii) is deemed to have custody because of its ability to withdraw its fees directly from the Fund. Therefore, the Adviser is subject to the Custody Rule.

The Adviser will adhere to the applicable Custody Rule provisions with respect to Fund assets in publicly traded and private securities. The Firm's CCO will be responsible for arranging for annual independent audits of the Fund by a major accounting firm within 120 days of the Fund's fiscal year end and for obtaining audited financial statements prepared in accordance with Generally Accepted Account Principals. The Adviser will arrange for the delivery of such audited financial statements to investors of the Fund generally within 120 days of the Fund's fiscal year end.

## **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 a management agreement and/or the applicable Partnership Agreement, as well as powers of attorney executed by the investors of the applicable Fund.

## **Item 17. VOTING CLIENT SECURITIES**

The Adviser has adopted the Access Holdings Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for each Fund's portfolio investments. The Proxy Policy seeks to ensure that the Adviser votes proxies (or similar instruments) in the best interest of the relevant Fund, including where there may be material conflicts of interest in voting proxies. The Adviser generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Adviser may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board, if applicable on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, and if applicable, a Fund's advisory board may approve the Adviser's vote in a particular solicitation. The Adviser does not consider service on portfolio company boards by the Adviser personnel or the Adviser's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Adviser when voting proxies on behalf of a Fund. Clients or investors that would like a copy of the Adviser's complete Proxy Policy or information regarding how the Adviser voted proxies for particular portfolio companies may contact Omar Rahman, the Access Holdings Chief Compliance Officer, at (443) 836-6931, and it will be provided at no charge.

## **Item 18. FINANCIAL INFORMATION**

The Adviser does not have any events requiring disclosure under this item of the Brochure.