

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

**Dated 31, 2023**

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**This brochure (“Brochure”) provides information about the qualifications and business practices of Graham Partners, Inc. If you have any questions about the contents of this brochure, please contact us at 610.408.0500. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority.**

**Additional information about Graham Partners, Inc. also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## **Item 2: Material Changes**

Graham Partners, Inc. (“Graham Partners”) filed its most recent update to its Brochure on December 5, 2022. This annual amendment to the Brochure includes certain material changes since its last annual amendment, including to reflect the engagement of third-party marketing firms that provide referrals of prospective investors and investment consultants and the termination of certain funds advised by Graham Partners or its affiliates, and routine annual updating changes, clarifications, enhanced disclosures throughout Form ADV Part 2A and updated regulatory assets under management.

Except as otherwise specified, all information set forth in this brochure is as of the date of this document. Subject to the requirements of the Investment Advisers Act of 1940, as amended (“Advisers Act”), and other applicable laws, Graham Partners is under no obligation to update any such information.

Recipients of this Brochure are encouraged to read the Brochure in its entirety.

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#### **Item 4: Advisory Business**

Graham Partners, Inc., a Pennsylvania corporation (“Graham Partners” or “we”), is a private investment firm, based in suburban Philadelphia, which focuses primarily on (i) partnering with, acquiring and investing in growth-oriented companies involved in advanced manufacturing, industrial technology, software and other technologies and related services in the lower middle market and (ii) making growth capital investments in privately-held companies involved with advanced manufacturing, industrial technology, software and other technologies and services, in each case principally in the United States and Canada. Graham Partners is owned by Steven C. Graham, its Chief Executive Officer and Senior Managing Principal.

We provide investment advisory services to pooled investment vehicles that are exempt from registration under the Investment Company Act of 1940, as amended, and whose securities are not registered under the Securities Act of 1933, as amended. We currently provide investment advice to Graham Partners III, L.P., Graham Partners IV, L.P., Graham Partners V, L.P. and Graham Partners VI, L.P. (together with their respective parallel partnerships and any successor funds, the “Flagship Funds”), in each case, either directly or through Graham Partners Management III, L.P. or Graham Partners Management IV, L.P., as applicable, each a wholly-owned subsidiary of Graham Partners and registered as a relying investment adviser in accordance with SEC guidance under the Advisers Act. In addition, we provide investment advice to Graham Partners Growth I, L.P. (together with its parallel partnerships and any successor funds, the “Growth Fund”) either directly or through Graham Partners Growth, LLC (“Graham Growth”), a wholly-owned subsidiary of Graham Partners and registered as a relying investment adviser in accordance with SEC guidance under the Advisers Act. Furthermore, we provide investment advice to a continuation vehicle, Graham Partners OptConnect Continuation Fund, L.P. (together with its parallel partnerships, the “Existing Continuation Fund” and, collectively with the Flagship Funds and the Growth Fund, the “Funds”), directly, and may in the future provide investment advice to additional continuation vehicles (together with the Existing Continuation Fund, “Continuation Funds”). For the avoidance of doubt, references in this Brochure to “Graham Partners” also include its relying investment advisers (specifically including Graham Growth) and any related persons acting as general partners of the Funds, and their affiliates, as applicable.

From time to time, co-investors can invest directly or indirectly into the Funds’ portfolio companies. We intend to advise other funds in addition to those listed herein. We may also in the future advise other funds on bespoke investment strategies that include potential “GP-led” secondary transactions, other Continuation Funds or related transactions, including co-investments alongside of investors such as family offices, independent sponsors and private capital fund managers, or strategies that may include “GP stakes” and “GP seeding” transactions.

Prior to the formation of the first Fund in 1999, Graham Partners served in a corporate finance advisory capacity for a group of industrial and investment businesses founded by entrepreneur Donald C. Graham, the father of Steven C. Graham. These entities were then commonly known as “The Graham Companies” or the “Graham Group.” Today, the Graham Group name has been broadened and is used to refer to an alliance of independently owned and operated industrial and investment management businesses, which includes Graham Partners.

As investment adviser for each Fund, Graham Partners identifies investment opportunities and participates in the acquisition, management, monitoring and disposition of investments for each Fund. Graham Partners provides these investment advisory services to each Fund pursuant to separate investment advisory agreements (each an “Advisory Agreement”). The terms of the investment advisory services to be provided by Graham Partners to a Fund, including any specific investment guidelines or restrictions, are set forth in such Fund’s Advisory Agreement or in its limited partnership agreements (collectively, the “Fund Documents”). We seek to tailor our advisory services to the individual needs of each of the Funds. Individual needs are identified through a review of overall guidelines and objectives, as well as specific investment goals among other criteria.

Graham Partners has entered, and will in the future enter, into side letters or other similar arrangements with certain investors that have the effect of establishing rights under, supplementing or altering a Fund’s partnership agreement or an investor’s subscription agreement. Such rights or alterations could be regarding economic terms, fee structures, excuse rights, information rights, co-investment rights (including the provision of priority allocation rights to limited partners who have capital commitments in excess of certain thresholds to one or more Funds), or transfer rights. For the most part, any right established, or any term altered or supplemented, will govern only the investment of the specific investor and not the terms of a Fund as whole. Certain such additional rights, but not all rights, terms or conditions have been, and may in the future be, elected by certain investors with “most favored nation” rights pursuant to their own side letters.

We do not participate in any wrap fee programs.

As of the date hereof, the committed capital raised by us since inception of the Funds, plus co-investments we have managed, totaled approximately \$4.429 billion, comprised of \$3.527 billion in committed capital and the balance in co-investments managed by Graham Partners. As of December 31, 2022, our regulatory assets under management (“Regulatory AUM”) totaled approximately \$2.195 billion. This Regulatory AUM figure represents the sum of the fair market value of the assets held by the Funds as of December 31, 2022, plus the aggregate amount of uncalled capital commitments to the Funds as of December 31, 2022. We manage all of the assets in the Funds on a discretionary basis. We do not manage any assets on a non-discretionary basis.

As used herein, any references to “or” shall mean “and/or” and any references to “including” shall mean “including, but not limited to.”

## **Item 5: Fees and Compensation**

### **Management Fees**

We are compensated for our investment advisory services based on a percentage of committed capital or invested capital as set forth in each Fund’s governing documents. Generally, each Fund pays us a management fee based on committed capital during its investment period, and thereafter pays us a management fee based on invested capital. In certain cases, however, a Fund will only pay a management fee based on invested capital. The percentage rate varies from 0.875% to 2.0% per annum. The general partner of the applicable Fund negotiates the rate with investors in each Fund at the time such Fund is established. As described below, the management fee has

been, and may in the future be, reduced or waived in some circumstances in connection with the receipt by Graham Partners or its affiliates of various fees paid by actual or prospective portfolio companies. The management fee is generally subject to waiver or reduction by the general partner of the applicable Fund, in its sole discretion, with respect to some or all of the investors in the Fund (including in connection with investments in the applicable Fund made by the general partner or its affiliates). Specifically, we may consider introducing the concept of a “fee holiday” for certain investors in current or future Graham Partners-sponsored funds, solely in our discretion. A fee holiday would relate to a temporary cessation of management fees to be borne by the applicable investor and would be intended to provide a potential inducement for investors who commit to invest at or above certain thresholds to the Growth Fund and a future Graham Partners-sponsored fund, and may also require early commitment to the applicable funds.

Management fees are calculated with respect to semi-annual periods, and are payable on the 15th day of each such period, in arrears with respect to the first fifteen days of such period and in advance for the remainder of such period. As required by the Advisers Act, if the Advisory Agreement is terminated before the end of the applicable period, management fees for such Fund will be charged on a pro rata basis through the date of termination, and any fees paid in advance but not earned will be refunded.

Graham Partners has exempted, and will in the future exempt, among others, past or present principals, employees, consultants, senior advisors, operating partners, certain service providers, certain family members of past or present principals, including with respect to the Graham Group, Graham family members and their related entities, and past or present executive management members of portfolio companies from payment of all or a portion of management fees or carried interest in respect of any Fund.

#### Fund Expenses

The Funds will bear all legal, accounting, printing, travel, accommodation, meal, entertainment and other organizational expenses related to the formation of the Funds, their general partners and their investment managers, the preparation of their limited partnership agreements (including any preparatory work relating to structuring of the investment manager that led to the marketing and offering of the Funds), compliance with applicable laws and regulations (including, as applicable, with respect to the initial filings, registrations and compliance pursuant to the UK AIFMR and AIFMD (each as defined below) and the initial appointment of a depositary appointed pursuant to the UK AIFMR and AIFMD and of a Swiss ombudsman, representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act (as amended) and the implementation thereof (the “CISA”))), and the offering and sale of limited partner interests in the Funds (other than placement fees but including Solicitor (as defined below) expenses) to prospective investors as further detailed in the governing documents. For the avoidance of doubt, travel costs include chartered travel, private jet, first class or business class commercial travel, and related air travel administrative fees and expenses, as set forth in each Fund’s governing documents. In certain instances, the governing documents also limit the amount of organizational expenses for which a Fund is responsible.

The Funds also generally bear certain other fees, liabilities, expenses and costs which are incurred or incidental or related to the maintenance of the Fund or related to the acquisition, carrying and disposition of investments. The operating and offering documents of each Fund, including the private placement memorandum, set forth the particulars of such operating expenses that are expected to be borne by each Fund, but such operating expenses may include, without limitation, the following fees, costs and expenses relating to or arising from:

- the evaluation, acquisition, holding, development, management, monitoring, refinancing and disposition of investments or prospective investments (including, without limitation, expenses incurred in relation to prospective investments prior to the initial closing of a Fund), including, without limitation, (A) legal, accounting, consulting, investment banking, environmental evaluation and other professional costs, including, without limitation, those provided by affiliates of Graham Partners or a Fund's general partner (including, without limitation, Graham Partners Operating Company, LLC ("GPOC")); (B) consulting and other support services provided by Graham Partners; (C) meetings or travel (including, without limitation, chartered travel, private jet, first class or business class commercial travel, and related air travel administrative fees and expenses, as set forth in such Fund's governing documents), accommodation, meal and entertainment costs and expenses; (D) related to such investments or prospective investments, private placement fees, syndication fees, bank charges, depository fees, finder's fees, costs of consultants and a Fund's allocable portion of costs of information subscription services, closing and execution costs, sales commissions, appraisal fees and taxes, underwriting commissions, and discounts and brokerage fees; and (E) fees, costs and expenses associated with financing, refinancing, pledging or disposition of or proposed financing, refinancing, pledging or disposition of all or any portion of investments;
- attending trade association or industry meetings, conferences or similar meetings;
- all principal, interest, fees, costs, expenses and other amounts payable in respect of or in connection with borrowings, financings, guaranties or hedging or derivative transactions;
- all out-of-pocket costs of administering the Funds, including, without limitation, custody, legal, accounting, consulting, environmental evaluation, third-party administration (including in connection with anti-money laundering and "know your client" matters), investment banking, valuation, tax (including, without limitation, tax compliance), audit, depository (including the ongoing costs of any depository appointed pursuant to the UK AIFMR or AIFMD), the ongoing costs of any Swiss ombudsman, representative and paying agent (pursuant to the CISA), safekeeping and other professional fees and expenses, costs;
- accounting and information technology personnel (to the extent allocable to a Fund in its general partner's reasonable discretion);

- any and all insurance premiums or expenses incurred by a Fund in connection with its activities, including, without limitation, errors, omissions, fidelity, crime, general partner liability, directors' and officers' liability and similar coverage for persons acting on behalf of a Fund or its affiliates (including, without limitation, the cost of premiums with respect to any directors and officers or similar insurance for the employees of Graham Partners);
- administration, including, without limitation, preparation and dispatch of its financial statements, reports and distributions to its partners, the preparation of tax returns and Schedules K-1 (and any similar or equivalent tax reports in any other jurisdiction), other Fund-related reporting obligations, fees and expenses of a third-party administrator, and expenses associated with the maintenance of books and records of the Funds, reporting obligations and any Fund-related statements, notices, any Freedom of Information Act or Open Records statute (or similar) responses or other communications, and reporting and providing information to existing and prospective limited partners on Fund or investment-related matters;
- meetings of partners or with individual partners (including, without limitation, accommodation, meal, event, entertainment, travel and other similar expenses and costs related thereto);
- meetings of the advisory board and any advisory board subcommittee of a Fund, including, without limitation, reasonable and customary out-of-pocket expenses of its members;
- taxes, fees or other governmental charges levied against a Fund or a subsidiary of a Fund and not specifically chargeable to its limited partners;
- the registration, qualification or exemption of a Fund under any applicable laws;
- structuring, organizing, operating and maintaining investment vehicles, including, without limitation, the organization and operation of any vehicle through which a Fund directly or indirectly participates in investments;
- temporary investments and unconsummated transactions, including, without limitation, broken-deal expenses, including, without limitation, amounts that would otherwise have been borne directly or indirectly by potential co-investors were such transactions consummated, without regard to whether a determination has been made as to the identity of any such potential co-investor or the allocation of the potential investment opportunity prior to the time that it is determined that the potential investment will not be consummated by a Fund;
- the dissolution, winding-up, liquidation and termination of the Funds;



- any restructuring, amendments, modifications, revisions or restatements to the constituent documents of the Funds, their portfolio companies, special purpose investment vehicles and alternative investment vehicles;
- restructuring, amending and administering side letters entered into with limited partners (including, without limitation, the distribution and implementation of any applicable elections pursuant to “most-favored nation” or similar clauses in such side letters, but not including the negotiation of the initial form of any side letter);
- licensing, purchase, development, programming and operation of computer software and subscriptions, including those related to asset management, investor relations, reporting or other information services, in connection with the Funds or research or obtaining information for the Funds;
- collection of amounts due to the Funds from any person, including, without limitation, amounts relating to defaults by limited partners in the payment of capital contributions;
- compliance with applicable laws, regulations and administrative requirements and any regulation, litigation, governmental inquiries, investigations or proceedings, in each case related to the Funds or their investments, including, without limitation, (i) all fees and expenses incurred in connection with administrative proceedings relating to the determination of partnership items at the Fund-level undertaken by a Fund’s partnership representative, any audit with respect to taxes, or any other investigation or review of a Fund or any settlement entered into by a Fund, (ii) regulatory expenses of a Fund’s general partner and Graham Partners related to the preparation and filing of Form PF and other similar regulatory filings (but excluding Form ADV), (iii) expenses related to filings required under the Securities Exchange Act of 1934, as amended, and (iv) preparation and filing of reports under the Commodity Exchange Act of 1936, as amended;
- compliance with and filings under UK AIFMR, AIFMD, CISA and related regulations, including, without limitation, the fees, costs, and expenses of any third-party service provider retained in connection therewith, and those related to similar regulations and administrative requirements in other jurisdictions;
- compliance with the Foreign Account Tax Compliance Act;
- with respect to all of the aforementioned laws, rules and regulations, all fees, costs and expenses relating to similar regulations and administrative requirements in other jurisdictions and compliance with and filings under other applicable laws, rules and regulations;
- establishing, implementing, monitoring or measuring the impact of environmental, social and governance (“ESG”) policies and programs with respect to the Funds or their investments or prospective investments, including, without limitation, all fees,

costs, and expenses incurred in connection with ESG tracking tools and any other assessments, measurements, advice or reports conducted as part of implementing, monitoring and maintaining the responsible investing strategy of a Fund's general partner and its ESG policies and procedures with respect to the Fund or its investments or prospective investments or otherwise designed to promote or evaluate a Fund's or its investments' or prospective investments' achievement of ESG objectives;

- a Fund's indemnification obligations;
- protecting the confidential or non-public nature of any information or data; and
- the fees, costs, and expenses relating to any parallel funds, special purpose investment vehicles or alternative investment vehicles.

Some of the above services have been, and will in the future be, provided at cost by our affiliates as further described below. For the avoidance of doubt, the Funds will be responsible for all broken-deal expenses related to an unconsummated transaction, notwithstanding the anticipated participation of co-investors in such transaction, except as otherwise provided in the Funds' governing documents or as otherwise determined by the general partners of the Funds. In addition, co-investors may not bear other expenses in connection with an investment or potential investment, such as subscription credit facility fees and expenses, which are generally allocated entirely to the applicable Fund that is the borrower under such facility. In addition, in certain instances, a Fund has borne and may in the future bear expenses in respect of an existing or prospective portfolio company that was not or will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment funds), where Graham Partners has determined such arrangement to be in the best interest of such Fund (e.g., a Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursement by other owners of the portfolio company). The Funds also generally bear certain other fees, liabilities, expenses and costs which are incurred or incidental or related to the maintenance of the Funds or related to the acquisition, carrying and disposition of investments that do not appear in the list above.

#### Portfolio Company Fees

Graham Partners and its affiliates perform management, advisory and other services for, and receive fees from, actual or prospective portfolio companies of the Funds. Such portfolio company fees are generally management fees or monitoring fees, subject to agreements with portfolio companies. Such fees include directors' fees paid by a portfolio company to Graham Partners, their respective affiliates or employees, transaction fees (including set-up, acquisition and commitment fees), investment banking fees, fees earned in connection with transactions that are not completed (break-up fees), or other similar fees received by Graham Partners, or their respective affiliates or employees. The portfolio company fees subject to off-set pursuant to the applicable Fund's governing documents reduce Fund-level management fees, as described in the second paragraph that follows and as provided under the terms of the applicable limited partnership agreements, with the balance of such portfolio company fees being retained by Graham Partners. The portfolio company fees may be significant and may be paid in cash or in securities of portfolio

companies or investment vehicles (or rights thereto). Often, the compensation to Graham Partners for these services takes the form of a pre-paid fee paid by the portfolio company pursuant to a management services agreement that the portfolio company enters into with Graham Partners at the time a Fund initially invests in the portfolio company, but in certain cases such portfolio company fees may be paid on a monthly, quarterly or annual basis. The agreements with the portfolio companies often involve an initial term of five years and renew automatically for successive terms of one year each, unless the parties agree to terminate the agreement. When pre-paid, the portfolio company fee paid to Graham Partners under these agreements is customarily paid at the beginning of each such term (whether an initial term or a successive term, as applicable), and the associated off-set to reduce Fund-level management fees for Fund investors is applied on the date of, or in the periods immediately following, payment of the fee in accordance with applicable limited partnership agreements. When pre-paid, neither the portfolio company fee nor the associated off-set amount received by Fund investors is refundable to the portfolio company or the Fund, as applicable, regardless of when the Fund exits its investment in the portfolio company, which could be prior to the expiration of the initial term (generally 5-years) or subsequent terms (generally 1-year each) of the agreement, but Graham Partners may choose to reimburse or credit unamortized pre-paid portfolio company fees net of off-sets to Fund investors as applicable. The initial term of the agreements governing pre-paid portfolio company fees is subject to change.

The receipt by Graham Partners of such pre-paid portfolio company fees that are not reimbursable in the event of an exit prior to the expiration of the applicable payment term subjects Graham Partners to conflicts of interest, including, without limitation, by potentially increasing the amount of equity that is called from the applicable Fund to finance the portfolio company acquisition (which amount of equity generally will be subject to management fees after the investment period of the Fund, as set forth in the applicable limited partnership agreements for the Funds). In addition, the receipt of such fees may result in Graham Partners receiving compensation with respect to a time period for which Graham Partners did not provide portfolio company services.

Although such supplemental portfolio company fees are paid in addition to the management fees paid by the Funds, the limited partnership agreements of the Funds generally provide for a reduction or off-set of future Fund-level management fees in connection with the receipt of these supplemental portfolio company fees. The supplemental portfolio company fees and the applicable off-set amounts are disclosed in the quarterly financial statements and the annual audited financial statements issued by each Fund. In addition, each year the Funds commission the independent auditor of the Funds to perform certain supplemental accounting procedures to assist our accounting team in ascertaining that all off-set calculations are in conformance with the terms of the applicable limited partnership agreements. The findings of these supplemental accounting procedures are used in our analysis of each Fund's internal controls. We believe this supplemental analysis adds additional checks and balances in the important areas of internal controls and compliance with the terms of the limited partnership agreements of the Funds. The calculation of the reduction in Fund-level management fees, which is described in the applicable limited partnership agreements of each Fund, varies from Fund to Fund and may vary by partnership entity or investor within a Fund. The management fee reduction amount is typically calculated as a percentage of the supplemental fee paid; then the reduction is allocated under the terms of the

applicable limited partnership agreements on a pro-rata basis to all Fund investors, and to investors in parallel Funds or successor Funds, including investors who pay Fund management fees and those who do not, such as the Fund general partner and affiliates. For certain Funds, the management fee reduction is further allocated to co-investors in portfolio company investments. In accordance with the terms of the applicable limited partnership agreements, Graham Partners retains the fee reduction amount that is allocable to non-management fee-paying Fund investors, such as the Fund general partner and affiliates, and, for certain Funds, Graham Partners also retains the fee reduction amount that is allocable to co-investor entities in accordance with the terms of the applicable limited partnership agreements. The fee reduction amounts retained by Graham Partners are subject to caps imposed by the applicable Fund general partner, whereby the cumulative amount of the fee reduction that may be retained by Graham Partners after the applicable off-sets have been applied in accordance with the terms of the Fund limited partnership agreements is subject to a cap equal to 2.5% of the aggregate committed capital of the Fund as of the final closing of the Fund; any excess amounts shall be distributed among the Fund investors who opt to receive such amounts, pro-rata based upon their committed capital divided by the committed capital of all Fund investors receiving such amounts.

#### Graham Partners Operating Company

In order to improve efficiency and reduce certain costs for the Funds and the portfolio companies, in 2008 Graham Partners formed Graham Partners Operating Company, LLC, referred to hereunder as GPOC, to better coordinate, manage and oversee the operations consulting, commercial diligence and investment sourcing and analytical services that are provided across each of the Funds by various operations executives, industry experts, consultants and outside firms. GPOC is a wholly owned subsidiary of Graham Partners and has been subject to annual audit by the independent auditor of the Funds since its inception in 2008. GPOC's services are provided by GPOC staff, outside specialty consulting firms or operations executives who operate as third-party contractors to portfolio companies of the Funds and, in certain instances, to the Fund entities themselves or to Graham Partners, its affiliates and related parties. As further described below, since its inception GPOC has operated at a break-even, passing through compensation and overhead costs with no mark-up, subject to annual audit by the auditor of the Funds. In conjunction with an acquisition of a portfolio company, GPOC has received, and may in the future receive, a pre-funded amount of cash from the portfolio company to be used to pay for future GPOC services, related expenses, or other expenses as directed by the portfolio company. Upon the sale of the portfolio company, any unused pre-funded amounts are returned to the portfolio company by GPOC. GPOC's consulting services are subject to consulting agreements with the applicable portfolio companies. The operational consulting, accounting and other specialized advisory services GPOC provides to the Funds and their portfolio companies are passed through by GPOC with no mark-up and are disclosed in the quarterly financial statements and annual audited financial statements of the Funds. In addition to the services provided by operations executives, GPOC also employs certain accounting and other personnel who provide fund accounting, reporting and valuation services to certain of the Funds, as well as information technology services to certain of the portfolio companies. GPOC is an alternative to the outsourcing of such services to third parties, and Graham Partners believes that outsourcing would result in higher costs for the portfolio companies and the Funds. GPOC's services reflect pass-through expenses provided at cost, and its costs are intended to be at or below market rates, with GPOC operating at break-even;

for the avoidance of doubt, the compensation and related costs and expenses incurred by GPOC, including overhead such as rent, office renovation costs, furnishings, technology, insurance, property taxes, and utilities allocable to the workspaces, related to these services are passed through at cost to the portfolio companies, the Funds or Graham Partners, its affiliates and related parties, as applicable, and no substantial cumulative net income is generated for Graham Partners or any affiliate thereof, including GPOC. GPOC has been subject to an annual audit by the independent auditor of the Funds each year since its inception in 2008, and has operated at a break-even every year since its inception. In addition, the independent auditor of the Funds is commissioned to perform additional accounting procedures related to GPOC. This procedure provides a line-item summary of the financial statements of GPOC dating from 2010 through the most recent applicable fiscal year end, as reflected in the annual audited financial statements of Graham Partners.

In accordance with the terms of the applicable limited partnership agreements of the Funds, the compensation and related costs and expenses for work done by GPOC on behalf of the portfolio companies are passed on to the applicable portfolio companies, while such costs and expenses of work done by GPOC on Fund-related matters are generally allocable to the Funds. In all cases in which GPOC provides services to the portfolio companies or the Funds, GPOC's costs and expenses are passed on with no mark-up, meaning that GPOC's services are provided at a break-even and subject to annual audit by the auditor of the Funds. The amounts charged to the portfolio companies and allocated to the Funds in respect of GPOC's services are disclosed in the quarterly financial statements and annual audited financial statements of the Funds and, in accordance with the terms of the applicable limited partnership agreements, are reimbursable expenses that are not subject to off-set. In accordance with the terms of the applicable limited partnership agreements, portfolio companies of the Funds customarily grant stock options and other incentive equity directly to management, board members who are not employees of Graham Partners, external operations executives and in certain cases to GPOC, its affiliates or GPOC operations executives who advise the portfolio companies; such equity incentive awards (and any amounts paid in respect thereof) are not subject to off-set, are in addition to other payments made to such recipients, if applicable, and, with respect to such equity and similar awards paid to GPOC, its affiliates and GPOC operations executives, constitute costs that are borne by the portfolio companies and, indirectly, the Funds and other equity investors in the portfolio companies. The presence of portfolio company options or other equity-linked incentives may be dilutive and are considered in connection with the quarterly valuation process for each of the Funds. For the avoidance of doubt, other than grants to GPOC, its affiliates or GPOC operations executives, any such equity incentives that may be granted to Graham Partners or its employees are subject to off-set. However, any historical options, equity-linked incentives or compensation rights related thereto that may have been granted to employees of GPOC, who subsequently become employees of Graham Partners, remain in place in connection with their previous service and are not subject to off-set. As noted in the preceding paragraph, we believe that outsourcing would result in higher costs for the Funds and the portfolio companies, considering both the cost of GPOC's service fees and any equity-linked incentives. Options or other equity incentives are granted to GPOC or its affiliates by certain portfolio companies of certain Funds, but not all portfolio companies. Those portfolio companies which grant such options or equity-linked incentives to GPOC or its affiliates do so subject to an agreement with GPOC or its affiliates, and the equity-linked incentives are typically contingent based upon various performance metrics or liquidity provisions correlating with increases in

portfolio company value during the period in which the applicable Fund owns an interest in the portfolio company. For the avoidance of doubt, if a portfolio company increases in value and the options or equity-linked incentives that were granted also appreciate in value, the portfolio company that provided such incentives may implicitly compensate GPOC at a different imputed rate than when no appreciation has transpired at all or when no options or other equity incentives were granted in the first place. Therefore, certain portfolio companies and other recipients of GPOC's services, including Graham Partners, its affiliates and related parties, which do not grant options or other equity incentives to GPOC or its affiliates, may receive GPOC's services at a lower effective cost than portfolio companies which have granted options or other equity incentives to GPOC or its affiliates. As described above, compensation arrangements for operations executives may include compensation payments (including salary, bonus, payroll taxes and benefits) and reimbursement for overhead (including rent, property taxes and utilities allocable to the workspaces), an annual fee or retainer, a discretionary bonus, a success fee (in the form of cash or equity) based on predetermined targets or milestones, a profits or equity interest in the applicable portfolio company or other incentive-based compensation. Any payments made to an operations executive, directly or through an affiliate of Graham Partners, including GPOC or its affiliates, will be retained by such operations executive and will not reduce the management fee or any other fees otherwise payable to Graham Partners or its affiliates and will not benefit the Funds or Fund investors.

#### Other Related Service Providers

In addition to services provided by GPOC, certain Graham Group entities that are deemed not to be affiliates of Graham Partners under the terms of the Funds' limited partnership agreements provide, and Graham Partners itself in respect of certain of the Funds may in the future provide, operations-related consulting and other support services, including, without limitation, accounting, tax, finance, ESG and information technology services, to portfolio companies of the Funds and from time to time to the Funds themselves that would otherwise be performed by third parties or internal portfolio company personnel. Such entities or their respective affiliates have received, or may in the future receive, compensation for such services, including, without limitation, consultant fees, retainer fees, success fees and other fees, salary, promotes, profit sharing, incentive equity, stock options, stock awards, co-investment rights and other non-cash compensation, benefits and incentives, and reimbursement of expenses (including internally allocated overhead), from such Funds and portfolio companies at rates which are on an arms-length basis and are intended to be at or below market rates, or, if no such market rates are available, at rates that the general partner of the applicable Fund believes to be commercially reasonable. Any amounts received in connection with such support services, including any amounts received in connection with particular transactions, portfolio companies or investments, will not reduce or offset any Fund-level management fees. From time to time, Graham Partners and GPOC also make personnel available and provide operations-related or other consulting services to certain other Graham Group entities, and from time to time an employee of Graham Partners or GPOC may depart to join a portfolio company or another Graham Group entity as an employee or vice versa. In addition, as the subject matter responsibilities of personnel change, from time to time an employee of Graham Partners may become an employee of GPOC or an employee of GPOC may become an employee of Graham Partners. To the extent such employees do not serve as full-time investment professionals, and continue to provide operating partner services, their compensation

and related costs and expenses (including internally allocated overhead such as rent, office renovation costs, furnishings, technology, insurance, property taxes, and utilities allocable to the workspaces), will be allocated between the two roles and accounted for accordingly. Finally, from time to time former employees of Graham Partners or GPOC have or may become third-party consultants providing services to a Fund or one or more portfolio companies.

### Internal Controls

Internal control procedures have been adopted by our accounting team that seek to ensure that Fund expenses are properly calculated and allocated to the Funds, and that management fee off-sets are correctly applied in accordance with the terms of the Funds' governing documents. For example, legal counsel to Graham Partners prepares a synopsis of the terms of the partnership agreements for each of the Funds that govern transactions with affiliates to ensure that these provisions are correctly understood and consistently applied by our accounting staff. In addition, each year the independent auditor of the Funds is commissioned to perform supplemental accounting procedures related to fees and fee off-sets, expenses and expense allocations, and GPOC. These supplemental accounting procedures are performed by the independent auditor following the completion of the annual audits of the Funds, and help us and our accounting team to ensure conformance with the terms of the limited partnership agreements which govern each of the Funds. Supplemental accounting procedures have been performed by the independent auditor of the Funds annually commencing after the 2011 year-end audit with historical analysis dating back to 2009 and 2010. The findings of these added procedures are used in our analysis of the internal controls of each Fund, and we believe this supplemental analysis adds additional checks and balances in the important areas of internal controls and compliance with the terms of the limited partnership agreements of the Funds.

### Subscription Credit Lines

The applicable limited partnership agreements for each Fund partnership entity have provisions that allow such partnerships to borrow money for investment and other purposes. Such borrowings may be made prior to capital being called from the Fund's investors or in lieu of calling capital. This mechanism may defer investor capital calls and provides a form of leverage that can have the effect of amplifying a Fund's reported net internal rate of return (IRR), particularly in the early years of a Fund's investment cycle. Such borrowings can also accelerate the date upon which a Fund's preferred return will be achieved for purposes of determining when its general partner (or affiliates which earn carried interest) is entitled to begin receiving carried interest payments on distributions from a Fund. In accordance with the terms of the applicable limited partnership agreements, interest payments and other fees and expenses incurred in respect of such borrowings are partnership expenses and such expenses will decrease a Fund's net returns over time. The terms of each partnership's borrowing arrangement and borrowings outstanding, if any, are disclosed to the investors in the quarterly and annual financial statements of each partnership entity. The Funds may also guarantee obligations of portfolio companies.

### Brokerage Costs

Brokerage costs may be incurred in accordance with the practices set forth in Item 12 below, “*Brokerage Practices*.”

The expenses described above are detailed, but do not include every possible expense a certain Fund will incur. Investors should review the applicable Fund’s offering materials and limited partnership agreement for further details.

### **Item 6: Performance-Based Fees and Side-by-Side Management**

Affiliated or related entities of Graham Partners and some of our supervised persons receive carried interest distributions from certain Funds, which are based on a share of realized gains in the assets of such Funds. It is intended that such carried interest distributions will ultimately be distributed to employees (and their family members) of Graham Partners and its subsidiaries (or to entities formed by such persons for estate planning purposes). The amounts of such carried interest distributions are set forth in the quarterly reports and annual audited financial statements of the Funds. As provided under the applicable limited partnership agreements of the Funds, carried interest is generally subject to waiver, deferral, recontribution or reduction by the general partner of the applicable Fund, in its sole discretion, with respect of some or all of the investors in the Fund (including in connection with investments in the applicable Fund made by the general partner or its affiliates). Steven C. Graham and other employees of Graham Partners and its subsidiaries have transferred, and may in the future transfer, certain of their respective direct or indirect interests in certain of the Funds, with the entitlement to receive carried interest, to certain affiliated or related entities and estate planning vehicles established for the benefit of their respective family and heirs, including related entities.

Carried interest may create an incentive to make investments on behalf of the Funds that may be riskier or more speculative than would otherwise be the case. In addition, the payment by some but not all of the Funds of carried interest may create an incentive for the disproportionate allocation of an investment to Funds paying carried interest versus Funds that do not pay carried interest or Funds which may pay a lesser amount of carried interest. To mitigate this potential conflict of interest, the allocation of investment opportunities among the Funds is made by general partners of the Funds in accordance with the applicable limited partnership agreements of the Funds. The general partners of the Funds make allocations taking into account multiple criteria to derive an allocation that, in the general partners’ judgment, is fair and equitable to each Fund relative to other Funds over the life of each Fund, taking into account all relevant facts and circumstances. The general partners of the Funds take a similar approach with respect to the allocation of follow-on investment opportunities, co-investment opportunities and divestment opportunities.

As noted above, Graham Partners has caused, and expects in the future to cause, the Funds to borrow money prior to capital being called from the Fund’s investors or in lieu of calling capital. The Funds may also acquire investments from affiliated or related parties on a warehoused investment basis. Such borrowings may accelerate the date upon which a Fund’s preferred return will be achieved for purposes of determining when its general partner (or affiliates which earn



carried interest) is entitled to begin receiving carried interest payments on distributions from a Fund. See “Item 5: *Fees and Compensation*” above.

## **Item 7: Types of Clients**

We provide investment advice to the Funds. Investors in the Funds include high-net-worth individuals, college and university endowments, public and private pension plans, funds-of-funds and other institutional investors. Fund interests are offered and sold generally to investors that are (i) “accredited investors as defined under Regulation D of the Securities Act and (ii) “qualified clients” as defined under the Advisers Act or other “knowledgeable employees” of Graham Partners.

Certain Funds will have a specified minimum investment set forth in their offering documentation, organizational documents or other governing documents. Typically, the Funds require minimum investment amounts ranging from \$1 million to \$5 million, but such minimums are typically subject to Graham Partners’ discretion to permit investment of a smaller amount generally or with respect to any investor in the relevant Fund.

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

We provide day-to-day investment advisory services to the Funds. The following is a summary of the investment strategies and methods of analysis we generally utilize on behalf of the Funds. More detailed descriptions of the Funds’ investment strategies and methods of analysis are included in the applicable private offering materials, including the Fund Documents, for each Fund.

### Flagship Funds

Our principal investment objective with respect to the Flagship Funds is primarily to make acquisitions of and investments in advanced manufacturing, industrial technology, software and other service or technology related companies in the lower middle market in the United States and Canada. Our investment strategy for such funds is primarily undertaken through long-term majority-control investments in privately held companies. It is possible that some investments may be held for less than a year, though this is not typical of our investment strategy. The Flagship Funds’ Investment Committee, composed of certain senior members of the Graham Partners team, is ultimately responsible for making investment decisions for the Flagship Funds.

### Growth Fund

The investment objective of the Growth Fund is to primarily make equity investments in growth-stage, privately-held advanced manufacturing and technology-enabled services and software businesses, principally in the United States and Canada. The Growth Fund may also make investments in: (i) debt or other securities of such businesses reasonably anticipated to result in equity-like returns; and (ii) debt or other securities of such businesses where such investment may result in the obtaining of an influential position over the applicable business or may be beneficial to other investments in the applicable business. The Growth Fund Investment Committee, composed of the Flagship Funds’ Investment Committee and certain other senior members of the

Graham Growth team, is ultimately responsible for making investment decisions for the Growth Fund.

### Continuation Funds

Graham has created, and may in the future create, Continuation Funds for the purpose of enabling Graham Partners to continue its partnership with certain portfolio companies of the Funds. In general, the investment committee of the Fund that sold its interests in any such portfolio company or portfolio companies to a Continuation Fund will ultimately be responsible for making investment decisions for such Continuation Fund.

Certain employees of Graham Partners are responsible for devoting a portion of their time to advising or providing support to the Flagship Funds, the Growth Fund and the Existing Continuation Fund, and share in carried interest distributions relating to such Funds. In addition, Graham Partners may in the future organize and manage one or more investment vehicles with investment objectives that differ from those of the Flagship Funds, the Growth Fund and the Existing Continuation Fund, and may require its employees to devote a portion of their time and attention to such investment vehicles. As a result, conflicts of interest may arise in allocating management time, services or other resources among the Flagship Funds, the Growth Fund, the Existing Continuation Fund and such other investment vehicles.

In addition, in evaluating potential portfolio companies, we conduct extensive due diligence to analyze, among other things, the company's market and competitive position within that market, cost and revenue structures, unique assets (such as brand strength, distribution capability and intellectual property), management team and compensation structure, contingent liabilities (environmental, regulatory, accounting or otherwise), ESG policies and practices, potential growth opportunities and potential exit strategies subject to the governing documents of each Fund.

GPOC also employs and manages a group of operating professionals with significant career experience across a broad range of industries who assist us in the sourcing of investment opportunities, the due diligence of potential transactions and the ongoing development of portfolio companies.

### **Risks of Investment**

Acquiring an interest in a Fund involves a number of significant risks. An investment in a Fund may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in a Fund. Investment risks include, but are not limited to, the following:

- **Risks Associated with the Funds' Investment Strategies.**
  - **Concentrated Portfolio.** The investment strategies pursued by the Funds involve making illiquid private investments in a relatively small number of portfolio companies. As a result, each Fund's portfolio tends to be highly concentrated, and the

failure of even one of these investments could have a materially adverse impact on a Fund's overall performance.

- **Sourcing of Investments.** The activity of identifying, completing and realizing attractive portfolio investments is long and complex and involves a high degree of uncertainty. The competition for sourcing investments for the Funds is becoming increasingly competitive. There can be no assurance that Graham Partners will be able to source a sufficient number of suitable investments at reasonable valuations to achieve a Fund's investment objective.
- **Portfolio Company Management.** The Funds' investment strategies often involve investing in portfolio companies whose businesses are subject to significant risks, including strategic, financial or other challenges. Some of these portfolio companies are highly leveraged, and the Funds' exit strategies are uncertain at the time the Funds make an investment in the portfolio company. The success of the Funds' investments in these companies is highly dependent on the ability of the managers of these companies to successfully navigate these and other challenges.
- **Control Position.** The acquisition of control or the exercise of control or influence over portfolio companies could expose the Funds to other risks of liability for regulatory non-compliance, environmental damage, product defects, failure to supervise management, pension plan liabilities and other types of liability in which the limited liability that generally characterizes business operations could be ignored. The acquisition of control or the exercise of control or influence over a portfolio company could expose the assets of a Fund to claims by such portfolio company, its security holders, its creditors and its regulators. While we intend to manage our Funds to minimize exposure to these risks, the possibility of successful claims cannot be precluded.
- **Non-Control Investment Risk.** According to certain of the Funds' investment strategies, the Funds' have held, and will in the future hold, non-controlling equity investments in portfolio companies. Those portfolio companies could have economic or business interests or goals inconsistent with those of a Fund, and such Fund may be unable to limit or otherwise protect the value of such Fund's investment in those portfolio companies. The Funds' control over the investment policies of those portfolio companies could also be limited. This could lead to a Fund's investments being frozen in minority positions that incur substantial losses. It could also prevent a Fund from realizing the value of its investments and distributing proceeds promptly. In addition, certain Funds will generally seek board representation in connection with its minority portfolio investments, there is no assurance that such representation, if sought, will be obtained. Even so, appropriate rights generally will be sought there to protect the interests of the Funds. As a result, Graham Partners is expected to have limited input into the management of that portfolio company and could also be subjected to adverse terms in relation to our investment.

- **Risks Associated With Investing in Interests in the Funds.**

- **Interests in the Funds; Illiquid and Long-Term Investments; Lack of Transferability.** Investments in the Funds are illiquid. Although a Fund's investments may generate current income, most of the return of capital and the realization of gains, if any, from such investments is expected to occur upon their disposition. Further, interests in a Fund may not be transferred without the prior consent of the general partner and the satisfaction of certain other conditions. While investments could be sold at any time, it is generally expected that the disposition of investments will not occur for several years after investments are made. It is unlikely that there will be a public market for the securities held by the Funds at the time of their acquisition, and such securities could require a substantial length of time to liquidate. The Funds generally will be unable to sell the securities it holds of any investment publicly unless their sale is registered under applicable securities laws, or unless an exemption from those registration requirements is available. In addition, in some cases, the sale of such investments could be prohibited or limited by contract for a time, and so we may not be permitted to sell such investments at a time we might otherwise desire to do so. Investors in the Funds should be able and prepared to maintain their investments in the Funds over the entire life of the applicable Fund.

Although, under normal circumstances, the Funds intend to make distributions in cash or publicly traded securities, in some cases (including the liquidation of a Fund) distributions may be made in kind and could consist of securities for which there is no readily available public market.

- **Passive Investment.** An investment in the Funds is a passive investment. As limited partners, investors in the Funds have no control over the day-to-day operations of the Funds and limited rights to protect themselves if they are dissatisfied with the manner in which a Fund is being operated. Limited partners are highly dependent on the investing skills and management abilities of Graham Partners to achieve success.
- **Valuation Risk.** The valuation of the Funds' investments is a difficult task that relies heavily on Graham Partners' business judgment. Although Graham Partners maintains stringent policies, procedures and financial controls over the valuation process (including independent review by the Funds' auditors in conjunction with the annual audits of the Funds' financial statements), there can be no assurance that the Funds will be able to realize their investments at prices that are commensurate with the value at which such investments have been carried on the Funds' books.
- **Differing Interests.** Graham Partners manages each Fund in a manner that is consistent with the best interests of the Fund, which is not necessarily consistent with the best interests of each individual investor in the Fund. In particular, Graham Partners may structure investments so as to maximize tax efficiency for the Fund, but which may not be the most tax advantageous structuring possible for an individual investor, depending on that investor's own particular facts and circumstances. In addition, Graham Partners intends to establish other relying advisers that manage other funds

that may invest alongside the Funds in existing portfolio companies or potential portfolio companies. The Graham family and related entities may have significant ownership interests in these funds or relying advisers. (Also see Item 10.)

- **Cross Investments.** Some Funds have cross-investments in certain portfolio companies with other Funds, and in certain instances a portion or all of one Fund's investment in a given portfolio company may be junior or senior in priority to another Fund's investment in the same portfolio company.
- **Secondary Transactions.** Graham Partners has proposed, and may in the future propose, to a Fund's investors one or more transactions that would enable such investors to monetize or restructure all or a portion of their interests in a Fund, including through the use of Continuation Funds. Graham Partners or an affiliate thereof is permitted to establish Continuation Funds to hold one or more long-dated or well-performing investments of a Fund, among other reasons, and such Fund may sell (or otherwise structure the transfer of) one or more of its assets to any such Continuation Fund subject to the provisions of the applicable limited partnership agreements, including any necessary consents. The sale of an investment to a Continuation Fund would likely result in certain investors, the general partner or members of Graham Partners (including employees and affiliates) disposing of their investments in the underlying assets at a different time than some or all investors of such Fund and otherwise taking actions with respect to such investments that are different than the actions taken by other investors. Given that Graham Partners or an affiliate thereof may charge management fees and carried interest, and receive reimbursements for other fees, costs and expenses, with respect to such Continuation Fund, Graham Partners will face conflicts of interest, including with respect to investment valuations, allocation of fees and expenses, the offering of investment opportunities to the Funds and co-investors, and determining whether to establish Continuation Funds when structuring a Fund's exit from one or more investments. Such conflicts will not restrict Graham Partners or an affiliate thereof from establishing or investing in Continuation Funds if it determines to do so and it is permitted by the applicable limited partnership agreements and subject to its fiduciary obligations under the Advisers Act.
- **Use of Leverage.** Certain of the Funds' investments will involve leveraged acquisitions, which by their nature require portfolio companies to undertake a high ratio of fixed charges to available income. While an investment in a leveraged portfolio company offers the opportunity for increased investment returns, and although the applicable general partner will seek to use leverage in a manner it believes is appropriate under the then-circumstances, such an investment will be subject to increased exposure to adverse economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such portfolio company or its industry, and such portfolio company could be subject to restrictive financial and operating covenants. Leverage could lead to more serious adverse consequences to such portfolio company (including its overall profitability or solvency) if these factors or events occur than would be the case for less leveraged companies and are inherently more sensitive to declines in revenues and to increases

in expenses. Utilization of leverage is a speculative investment technique and involves risks to investors. The leverage provided will result in interest expense and other costs incurred in connection with such borrowings, which may not be covered by available cash flow. This could impair such portfolio company's ability to finance its future operations and capital needs and lead to restrictive financial and operating covenants. As a result, such portfolio company's flexibility to respond to changing business and economic conditions may be limited. If such a portfolio company cannot generate sufficient cash flow to meet principal or interest payments on its indebtedness or make regular dividend payments, such portfolio company could default on its loan agreements or be forced into bankruptcy, causing a restructuring of such portfolio company's capital structure or liquidation, in which case the value of a Fund's investment in such portfolio company could be lowered or even eliminated. Moreover, a Fund could invest in securities that are not protected by financial covenants or limitations on additional indebtedness.

Portfolio companies will also enter into loan agreements that generally impose a number of operating and financial restrictions on such companies. Such restrictions could affect, among other things, the ability of a company to incur additional indebtedness, pay dividends, issue stock, repay indebtedness prior to stated maturity, create liens, sell assets or engage in mergers or acquisitions, make certain capital expenditures and make investments in operating subsidiaries, if any. Such loan agreements could require, among other things, that the Fund pledge its shares of stock in a portfolio company and that such company pledge its assets and shares of stock in its operating subsidiaries, in each case as security for the lender. In the event of a default under such loan agreements, the lenders could foreclose on those shares and assets so pledged. These restrictions could limit the ability of these companies to affect future financings or could otherwise limit corporate activities. In the event any such portfolio company cannot generate adequate cash flow to meet debt service, the Fund could suffer a partial or total loss of capital invested in the portfolio company.

Further, certain Funds will enter into subscription lines, or maintain additional leverage at the Fund or aggregator level, with one or more lenders in order to fund its operations, including to finance the Fund's investments. Amounts borrowed under a subscription line are often secured by pledges of the relevant general partner's right to call capital from investors. Consequently, investors could be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or defaults thereunder. Furthermore, funds on deposit with portfolio company lenders or subscription line lenders could in certain stances be at risk. For example, on Friday March 10, 2023, the U.S. Federal Deposit Insurance Corporation ("FDIC") was appointed receiver for Silicon Valley Bank ("SVB"), and created the Deposit Insurance National Bank of Santa Clara to protect SVB's insured depositors. SVB has been the fund-level credit line lender for certain of the Funds for many years, also holding deposit cash for the Funds. As a result of the recent events involving SVB, the Funds will transition their fund-level credit line business to other lenders. On Sunday March 12, 2023, the FDIC was appointed receiver for Signature Bank and created Signature Bridge Bank, N.A. to protect depositors of Signature Bank. On Monday March 13,

2023, the FDIC announced that it had created Silicon Valley Bridge Bank, N.A. (“SVB Bridge Bank”) and transferred all deposits (regardless of dollar amount) and substantially all of the assets of SVB to SVB Bridge Bank. Depositors and borrowers of SVB automatically became customers of SVB Bridge Bank. According to the FDIC, SVB Bridge Bank is a full service “bridge bank” that will be operated by the FDIC in an action to protect all depositors of SVB as the FDIC markets the institution to potential bidders, and all depositors of SVB will be made whole. The FDIC recently took similar steps with respect to Signature Bank. On Sunday March 26, 2023, the FDIC announced that it had entered into a purchase and assumption agreement for all deposits and loans of SVB Bridge Bank by First-Citizens Bank & Trust Company. Depositors of SVB Bridge Bank automatically became depositors of First-Citizens Bank & Trust Company.

- **Banking System Volatility.** Graham Partners, the general partners of the Funds, the Funds and portfolio companies maintain substantially all of their respective cash and cash equivalents in accounts with U.S. and multi-national financial institutions, and their respective deposits at certain of these institutions may exceed insured limits, where applicable. The aforementioned events with respect to SVB and Signature Bank may impact the viability of these institutions. In the event of failure of any of the financial institutions where Graham Partners, any general partner of a Fund, any Fund or any portfolio companies maintains its respective cash and cash equivalents, there can be no assurance that each would be able to access uninsured funds in a timely manner or at all. Any inability to access, or delay in accessing, these funds could adversely affect the business and financial position of Graham Partners, the general partners of the Funds, the Funds or portfolio companies. The closing of SVB and Signature Bank, and any additional closures that may occur within the banking system, as well as the placement into receivership by the FDIC or other regulators, or bankruptcy, of any banks or other financial institutions, in each case, will negatively impact the availability of certain financial services to their respective clients, which could include Graham Partners, the general partners of the Funds, the Funds, portfolio companies or such financial service providers and may require such clients to establish new bank relationships. Such events may significantly increase the costs of Graham Partners, the general partners of the Funds and the Funds, negatively impact the Funds’ ability to execute on pending transactions, including with respect to the ability to draw down amounts under credit facilities, and divert Graham Partner’s time, attention and resources away from the pursuit of each Fund’s investment strategy. Furthermore, such events may also increase counterparty risk, including raising the likelihood of defaults or bankruptcies by counterparties and their major customers that rely on such bank relationships. Depending on ongoing developments, regulatory guidance and timing, such events may significantly exacerbate the normal risks associated with the Funds and result in adverse changes to, among other things: (i) general economic and market conditions; (ii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iii) demand for investments; (iv) availability of credit in certain markets; and (v) laws, regulations and governmental policies. In addition, such events may lead to financial system and participant regulatory reform, and such increased regulatory oversight may impose additional administrative burden

and costs on the Graham Partners, the general partners of the Funds, the Funds or portfolio companies. The foregoing could materially adversely impact the operations of the Funds and portfolio companies and the Funds' ability to realize their respective investment objectives in a timely manner. It is currently unclear what the ultimate effect of the situation will be on the private equity industry and global financial markets as a whole.

- **Need for Significant Capital.** The companies in which the Funds will invest may require significant amounts of capital. There can be no assurance that such capital will be available from public capital markets or private sources. In particular, the cyclicity of public markets may prevent portfolio companies from raising money in this sector, despite attractive products or services. Furthermore, the highly leveraged nature of some portfolio companies may impair their ability to raise additional capital in the future. Failure of a portfolio company to raise the necessary capital to fund its operations, research and development, capital expenditures or other activities may require, among other things, the sale or liquidation of some or all of the assets of such company at a loss or reduced valuation from the price paid by the Funds.
- **Bridge Financings.** The Funds are permitted to make bridge financings, subject to certain limitations, in anticipation of a future issuance of equity or long-term debt securities. Such bridge financings would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not be issued and such bridge financings may remain outstanding with increased levels of associated risk. Additionally, if a Fund makes an investment in a single transaction with the intent of refinancing or syndicating the portion of that investment constituting a bridge financing, there is a risk that such Fund will be unable to successfully complete such a refinancing. This could cause the Fund to be less diversified than Graham Partners intended.
- **Inflation.** Inflation and rapid fluctuations in inflation rates have had and may continue to have very negative effects on the economies and securities markets (both public and private) of certain countries in which the Funds may invest. Inflation rates may continue to increase in the future, and government measures to control inflation, adopted presently or in the future, remain uncertain. Measures taken by the governments to control inflation potentially include maintaining a tight monetary policy with high interest rates, thereby restricting the availability of credit and hindering economic growth. Inflation, measures to combat inflation and public speculation about possible additional actions have contributed materially to economic uncertainty in many countries. Inflation could significantly increase the costs of operations of the Funds, adversely impact the availability of suitable investments or the performance thereof, and otherwise impact the financial condition of the Funds. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Funds.
- **Business and Regulatory Risks of Private Equity Funds.** Legal, tax and regulatory changes could occur that adversely affect or impact a Fund at any time during its term.



The legal, tax and regulatory environment for private equity funds is evolving, and changes in the regulation and market perception of such funds, including changes to existing laws and regulations and increased criticism of the private equity and alternative asset industry by regulators and politicians and market commentators, could materially adversely affect the ability of a Fund to pursue its investment strategy and the value of the investments held by such Fund. Market disruptions, such as the type experienced in 2008, and the dramatic increase in the capital allocated to alternative investment strategies have led to increased governmental and regulatory (as well as self-regulatory) scrutiny of the private equity and alternative investment fund industry in general, and certain legislation proposing greater regulation of the private equity and alternative investment fund management industry has periodically been and may be considered or acted on by governmental or self-regulatory bodies of both U.S. and non-U.S. jurisdictions. The SEC has recently increased its scrutiny of the private equity industry, including conducting several examinations and bringing several enforcement actions against private fund managers. It is impossible to predict what, if any, changes will be instituted on the regulations applicable to a Fund, its general partner, Graham Partners, their respective affiliates, the markets in which they operate and invest or the counterparties with which they do business, or what effect such legislation or regulations could have. There can be no assurance that a Fund, its general partner, Graham Partners or its respective affiliates will be able, for financial reasons or otherwise, to comply with future laws and regulations, and any regulations that restrict the ability of a Fund to implement its investment strategy could have a material adverse impact on such Fund and its portfolio.

- **Non-U.S. Investments.** Certain Funds have made, and may in the future make, investments in portfolio companies located or operating outside of the United States. Such investments involve a number of risks not typically associated with investing in U.S. securities, including, without limitation: (i) the risk of adverse political developments such as political unrest, war, sanctions, nationalization or confiscation without fair compensation (including expropriation and confiscatory levels of taxation); (ii) the risk of fluctuations in currency exchange rates; (iii) the risk of governmental, market, exchange and other restrictions on capital movements, which may make it difficult or impossible to exchange or repatriate foreign currency; (iv) less publicly available information; (v) less developed regulatory institutions; (vi) greater difficulty of enforcing legal rights; and (vii) the risk that regulations might prevent portfolio companies from implementing strategies to produce expansion, to reduce costs or to improve operations or otherwise to enhance the value of the Funds' investment in such portfolio companies. In addition, laws and regulations of foreign countries may impose restrictions or approvals that do not exist in the United States and may require financing and structuring alternatives that differ significantly from those customarily used in the United States. Other countries may also impose taxes on the Funds and their limited partners.
- **Uncertain Economic, Social and Geopolitical Environment.** Graham Partners, the Funds and the companies in which they invest may be adversely affected by economic, social and geopolitical developments in the countries in which they are invested and

more broadly. The global economic and geopolitical climate is uncertain as acts of war, acts of terrorism, the threat of future acts of war or terrorism, growing social and political discord in the United States and elsewhere, economic sanctions, tariffs and other trade disputes, evolving international political developments, changes in government policies and taxation, restrictions on foreign investment and currency repatriation, currency fluctuations and the fear of a prolonged global conflict have exacerbated volatility in the financial markets and can cause consumer, corporate and financial confidence to weaken. This may have an adverse effect on the economy generally and on the ability of the Funds to execute their respective strategies. A climate of uncertainty may reduce the availability of potential investment opportunities and increase the difficulty of modeling market conditions. The Funds may be adversely affected by abrogation of international agreements and national laws which have created the market instruments in which the Funds may invest, failure of the designated national and international authorities to enforce compliance with the same laws and agreements, failure of local, national and international organizations to carry out the duties prescribed to them under the relevant agreements, revisions of these laws and agreements which dilute their effectiveness or conflicting interpretation of provisions of the same laws and agreements.

National and global market and economic conditions may deteriorate during the terms of the Funds, and such conditions could deteriorate materially and for an extended period of time. Market fundamentals across many continental European economies have worsened, and it is possible that some period of market dislocation will exist during the terms of the Funds. National and global concerns about future economic growth, lower consumer sentiment, rising unemployment, changes in demographics, market instability, inflationary pressures, fluctuating oil prices, adverse developments in the credit markets and mixed corporate earnings may present significant challenges to the national and global economies and equity markets. Any of the foregoing could have a material adverse impact on the Funds.

In addition, interest rates and fluctuations in the market price of securities could affect the value and number of investments made by a Fund. The instability in the securities markets could increase the risks in portfolio investments made by a Fund. If a Fund's portfolio companies participate in such markets, the results of their operations could suffer. In addition, if marketplace events continue (or worsen), this could harm the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Any resulting economic downturn could adversely affect the financial resources of a Fund's portfolio companies and their ability to make principal and interest payments on, or refinance, outstanding debt when due. In the event of such defaults, a Fund could lose both invested capital in and anticipated profits from those portfolio companies.

- **Trade Policy and Supply Chain Uncertainty.** Recent developments in the United States and certain European nations have fueled doubts about the future of global free trade. For example, the U.S. government has imposed tariffs on certain foreign goods, including steel and aluminum, in recent years and has indicated a willingness to

maintain those tariffs and impose new tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. The U.S. government in the past has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries, and has made proposals and taken actions related thereto.

Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of the Funds and their respective portfolio companies, which in some cases have material exposure to China, Taiwan and other Asian countries through certain supply sources. In addition, trade disputes may develop between other countries, which may have similar or more pronounced risks and consequences for the Funds or their respective portfolio companies.

Moreover, the U.S. government has imposed limitations on whether and how U.S. companies and, under certain circumstances, non-U.S. companies may interact with certain Chinese companies that are potentially important suppliers to, or customers for, U.S. companies. Further limitations are possible via the addition of companies to U.S. restricted parties lists; the imposition of licensing requirements for certain emerging and foundational technologies; changes to the export controls regulations to capture a greater number of items; and the expansion and enforcement of U.S. laws restricting imports of products made with forced labor. These measures could have a materially adverse impact on the Funds' respective portfolio companies and their supply chain.

- **Russian Federation-Ukraine Conflict.** The Russian Federation declared war and invaded Ukraine on February 24, 2022. Geopolitical tensions have risen significantly in response and the US, the UK, EU member states, and other countries have imposed significant economic sanctions and export controls on the Russian Federation, parts of Ukraine, as well as various designated parties. For example, the United States, in coordination with the UK, EU member states, and other allies, has introduced new regional embargoes, implemented full blocking sanctions, implemented sovereign debt restrictions, restricted the Russian Federation's access to the Society for Worldwide Interbank Financial Telecommunications (SWIFT) system, and implemented other restrictions targeting major Russian financial institutions, certain Russian elites and their family members, and the Nord Stream 2 pipeline, among other targets. These sanctions will significantly impact the Russian economy, including its energy sector, at a time when Russia's highest grossing exports include energy industries already suffering from demand reductions and corresponding price drops related to the Covid-19 pandemic. However, as further military conflicts and economic sanctions continue to evolve, it has become increasingly difficult to predict the impact of these events or how long they will last. Depending on direction and timing, the Russian Federation-Ukraine Conflict may significantly exacerbate the normal risks associated with the Funds and result in adverse changes to, among other things: (i) general economic and

market conditions; (ii) shipping and transportation costs and supply chain constraints; (iii) interest rates, currency exchange rates, and expenses associated with currency management transactions; (iv) demand for investments; (v) available credit in certain markets; (vi) import and export activity from certain markets; and (vii) laws, regulations, treaties, pacts, accords, and governmental policies. Economic and military sanctions related to the Russian Federation-Ukraine conflict, or other conflicts, have the potential to gravely impact markets, global supply and demand, import/export policies, and the availability of labor in certain markets. There is no guarantee that such sanctions and economic actions will abate or that more restrictive measures will not be put in place in the near term. Moreover, it is expected that the Russian Federation-Ukraine military conflict could spark further sanctions or military conflicts which will impact other regions. The foregoing could seriously impact the operations of the Funds and their ability to realize investment objectives in a timely manner.

- **ESG Matters.** ESG matters have been the subject of increased focus by regulators in the U.S. and EU, among other jurisdictions. While Graham Partners strives to implement ESG practices, there can be no assurance that Graham Partners will be able to identify all ESG issues or will be able to successfully implement its ESG policies. The use of ESG metrics in the investment process may be subjective and are not subject to uniform standards, and, as such, there is no guarantee that Graham Partners will be able to accurately assess and measure the ESG risks and ESG compliance of a Fund's investments or potential investments. ESG-based exclusionary criteria may result in a Fund foregoing opportunities to make certain investments when it might otherwise be advantageous to do so, or selling certain investments due to their ESG characteristics when it might be disadvantageous to do so. Further, the application of ESG considerations in the discovering, developing, negotiating, evaluating, acquiring, structuring, holding, carrying, monitoring, managing and disposing of a Fund's investment could result in higher ESG compliance expenses or costs. The use of ESG criteria may affect a Fund's investment performance and, as such, a Fund may perform differently compared to similar funds that do not use such criteria. The impact following the occurrence of an ESG event may vary depending on the nature of the event, asset class, the region and applicable regulatory regime(s). Where such an event occurs, there could be a negative impact on the value of an underlying asset or other adverse impacts for the underlying asset, Graham Partners or the Funds, including as a result of reputational harm.

It should not be assumed that any ESG practices or standards described herein will apply to every investment in which Graham Partners invests or that they have applied to all of Graham Partners' prior investments. ESG is only one of many considerations that Graham Partners takes into account when making investment decisions, and other considerations can be expected in certain circumstances to outweigh ESG considerations. While Graham Partners has valued sustainability for a number of years, Graham Partners started incorporating ESG officially into its decision making processes in 2016 first through its Gating Committee and then later through its Investment Committee process. Any ESG information provided herein is intended solely to provide an indication of ESG initiatives and standards that Graham Partners

applies when seeking to evaluate or improve the ESG characteristics of an investment as part of the larger goal of maximizing financial returns on investments. Accordingly, certain investments may exhibit characteristics that are inconsistent with the practices or standards described herein.

- **Withdrawal of the United Kingdom from the European Union.** The United Kingdom (“UK”) withdrew from the European Union (“EU”) on January 31, 2020 (“Brexit”). In connection with Brexit the UK and the EU agreed to the Trade and Cooperation Agreement (“TCA”) which took effect from January 1, 2021, that governs the future trading relationship between the UK and the EU in specified areas. Notably, the TCA does not include an EU-wide cooperation arrangement for financial services, with UK firms instead having to negotiate individual EU member state regulations and cooperation/recognition arrangements. There can be no assurance that any negotiated laws, taxation or regulations will not have an adverse impact on the Funds and their investments, including the ability of the Funds to achieve their investment objectives. The ongoing effects of Brexit may result in significant market dislocation, heightened counterparty risk, an adverse effect on the management of market risk and, in particular, asset and liability management (due in part to redenomination of financial assets and liabilities), an adverse effect on the ability of Graham Partners to manage, operate and invest the Funds and increased legal, regulatory or compliance burden for Graham Partners or the Funds, each of which may have a negative impact on the operations, financial condition, returns or prospects of the Funds.
- **The UK AIFMR and the AIFMD.** Directive 2011/61/EU on Alternative Investment Fund Managers, together with any supplementary regulation implemented in the UK following Brexit (“UK AIFMR”), or subordinate legislation or guidance thereto implemented in any relevant jurisdiction (the “AIFMD”), imposes requirements on AIFMs (as defined in the AIFMD) that market AIFs (as defined in the AIFMD) to professional investors who are domiciled or have a registered office within the European Economic Area (the “EEA”) or the UK, as applicable. The UK AIFMR currently imposes compliance obligations that are broadly similar to those described below in connection with a non-EEA AIFM marketing a non-EEA AIF.

For these purposes certain of the Funds are non-EEA and non-UK AIFs and each manager to such Fund is a non-EEA and non-UK AIFM. As a non-EEA entity, each manager to a Fund is required to comply with the national private placement regimes in those EEA member states that allow private placement and in which interests in a Fund are marketed and sold. Compliance with these requirements may result in significant additional costs over the life of the Funds and may reduce returns to investors. In addition, each manager to a Fund may rely on third-party AIFMs to manage certain of its AIFs from time to time. Each manager to a Fund and their affiliates and agents have endeavored to comply with these rules as interpreted but there is not absolute certainty as to their successful compliance. In the event that an adviser or any of its affiliates or agents, including any third-party AIFMs, is found to have breached the provisions of the AIFMD (inadvertently or otherwise), such parties (or a Fund indirectly) may face regulatory sanctions or EEA investors may seek to rescind their

interests, which would result in significant costs and ultimately materially and adversely affect such Fund.

- **Disease and Epidemics.** The impact of disease and epidemics has, and may in the future have, a negative impact on Graham Partners' business, the Funds and their investments, each of their respective affiliates and the performance and financial position of each of the foregoing. The COVID-19 (as defined below) pandemic, renewed outbreaks of other epidemics or pandemics or the outbreak of new epidemics or pandemics (or variants thereof) have required or could result in health or other government authorities requiring the closure of offices or other businesses and have resulted or could result in general economic decline. For example, such events may adversely impact economic activity through disruption in supply and delivery chains. Moreover, the operations of any of the foregoing persons could be negatively affected if personnel are quarantined as the result of, or in order to avoid, exposure to a contagious illness. Similarly, travel restrictions or operational issues resulting from the rapid spread of contagious illnesses may have a material adverse effect on business and results of operations. A resulting negative impact on economic fundamentals and consumer confidence may negatively impact market value, increase market volatility, cause credit spreads to widen, and reduce liquidity, all of which could have an adverse effect on any of the foregoing persons.

The duration of the business disruption and related financial impact caused by a widespread health crisis cannot be reasonably estimated. In December 2019, a novel strain of coronavirus surfaced ("COVID-19"), and has spread around the world, with resulting business and social disruption of a significant nature. The speed and extent of the spread of COVID-19 and the duration and intensity of resulting business disruption and related financial and social impact have been material and are expected to remain material for the foreseeable future. Governmental agencies and private sector participants have sought to mitigate the adverse effects of the coronavirus, which have included such measures as heightened sanitary practices, telecommuting, quarantine, curtailment or cessation of travel, and other restrictions, and, more recently, the medical community has developed multiple vaccines and other treatment options, the efficacy of such measures is uncertain, including in light of more recent and future variants of COVID-19. Graham Partners' operations and business results, including with respect to any particular Fund or other client or their portfolio companies, could be materially adversely affected by the COVID-19 outbreak for the foreseeable future.

- **Continuity and Disaster Recovery Plan.** In the event of unforeseen catastrophic events such as natural disasters, terrorist attacks and epidemics, Graham Partners may initiate its contingency and disaster recovery plan to safeguard that its employees have the resources and technology necessary to continue their responsibilities and meet portfolio company and investor needs. However, we are not able to predict the level of disruption that such catastrophic events may have on its operation or the ability of the plan to succeed in a time of crisis. Thus, its contingency and disaster recovery plan may be insufficient to continue operating Graham Partners' business as usual. The failure of the contingency and disaster recovery plan for any reason could cause significant

interruptions in Graham Partners', the Funds' or a portfolio company's operations. Similar types of operational risks are also present for the portfolio companies in which the Funds invest, which could have material adverse consequences for such companies and may cause the Funds' investments to lose value.

- **Unforeseen Events Risk.** Portfolio companies may be subject to catastrophic events and other force majeure events such as fires, earthquakes, tsunamis, hurricanes, adverse weather conditions, including adverse weather conditions caused or exacerbated by climate change, changes in law, eminent domain, riots, terrorist attacks, epidemics and similar risks. These events could result in the partial or total loss of one or more portfolio investments or significant down time, resulting in lost revenues, among other potentially detrimental effects.
- **Illiquidity of Portfolio Investments.** Investments in most of the portfolio companies will be highly illiquid until such time as a public market is created. There can be no assurance that the Funds will successfully realize upon their investments in any portfolio company through a sale, a public offering of securities of such portfolio company or otherwise. Furthermore, dispositions of such investments may require a lengthy time period or may result in distributions in-kind to the limited partners.
- **Risks Upon Disposition of Investments.** In connection with the disposition of a portfolio investment, a Fund may need to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of a business. It may also need to indemnify the purchasers of such investment if any such representation turns out to be inaccurate. These arrangements may cause contingent liabilities of a Fund, which might ultimately have to be funded by the limited partners if such contingent liabilities exceed the reserves and other assets of the Fund and such limited partners have received prior distributions from the Fund. Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each limited partner that receives a distribution in violation of such act must in some cases return such distribution to the Fund.
- **Cybersecurity and Identity Theft.** Graham Partners, each Fund and each Fund's portfolio companies generally rely on the Internet, computer networks, and various software and hardware (collectively, "information technology" or "IT systems") for current and planned and internal and external-facing operations. Graham Partners manages certain IT systems but also relies on third-party service providers and vendors that manage other IT systems and provide products and services critical to our business. IT systems of Graham Partners and each Fund's portfolio companies may be vulnerable to damage or interruption from cybersecurity threats, risks, vulnerabilities, computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. While Graham Partners has taken steps to protect the IT systems and confidential information, threat actors are increasingly sophisticated and using advanced tools and techniques to circumvent security controls, obfuscate data

access and delete forensic evidence, which impacts our ability to timely and effectively detect, investigate and mitigate attacks and incidents. Additionally, continued remote and hybrid working arrangements present potentially increased risks associated with the prevalence of social engineering attacks and vulnerabilities inherent in many non-corporate and home networks. However, if any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, Graham Partners, a Fund or a portfolio company may have to make a significant investment to fix or replace them. Any disruption in any of these systems or the failure of any of these systems to operate as expected could, depending on the magnitude of the problem, adversely affect the Funds' investment results and its ability to make distributions to its partners. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in Graham Partners', the Funds' 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 Graham Partners', the Funds' or a portfolio company's reputation, subject them and their respective affiliates to legal claims and otherwise affect their business and financial performance.

- **Portfolio Company Board Participation.** It is expected that employees, officers, directors, agents, managers, members, representatives, partners, investors and shareholders of Graham Partners and its respective affiliates may serve as directors (or equivalent) of certain of the portfolio companies and, as such, may have duties to persons other than a Fund. Although such positions in certain circumstances could be important to a Fund's investment strategy and could enhance Graham Partners' ability to manage investments, they may also have the effect of impairing a Fund's ability to sell the related securities when, and upon the terms, it may otherwise desire, and may subject Graham Partners and the Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify employees, officers, directors, agents, managers, members, representatives, partners, investors and shareholders of Graham Partners and its respective affiliates from such claims.
- **Indemnification.** The applicable general partner, manager, partners, members of the investment team and their respective members, partners, shareholders, directors, officers, employees, agents and affiliates, and any other person who serves at the request of the general partner on behalf of a Fund as an officer, director, member, employee, or agent of any entity will have a right to indemnification from such Fund, except in certain circumstances. Such indemnification obligations could materially adversely affect the returns to investors. The assets of a Fund's unfunded commitments will be available to satisfy these indemnification obligations, and partners may need to return distributions to satisfy such obligations. Such obligations will survive the dissolution of a Fund.
- **Dependence on Key Personnel.** The success of a Fund depends in substantial part upon the skill and expertise of the members of the investment team of Graham Partners



and the other individuals employed to assist them and Graham Partners. There can be no assurance that such individuals will continue to be partners of or employed by the general partner of such Fund or Graham Partners. The loss of service to a Fund of one or more of such individuals or other personnel could have a material adverse effect on the success of such Fund.

- **Effects of Bankruptcy.** A Fund may make investments in portfolio companies that are or may become the subject of voluntary or involuntary bankruptcy proceedings under applicable bankruptcy laws. Certain risks that are faced in bankruptcy cases that must inform the investment decision include, for example, the potential total loss of any such investment. Upon confirmation of a plan of reorganization under applicable bankruptcy laws, or as a result of a liquidation proceeding, a Fund could suffer a loss of all or a part of the value of its investment in a portfolio company. A bankruptcy filing may adversely affect a portfolio company. The portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value that was believed to exist before the investment was made by a Fund. In general, bankruptcy laws may be expected to have many adverse impacts on the value of a Fund's investments and the timing and amount of any distributions a Fund can receive. In addition, investments in restructurings may be adversely affected by statutes related to, among other things, fraudulent conveyances, voidable preferences, lender liability and the bankruptcy court's discretionary power to disallow, subordinate or disenfranchise particular claims or re-characterize investments made as debt as equity contributions.
- **Pension Liabilities.** A Fund could face risk of loss from employee pension-related liabilities arising from investments in portfolio companies that maintain or contribute to defined benefit pension plans in the United States and certain other jurisdictions. In some cases, U.S. courts have held (and certain non-U.S. laws provide) that certain shareholders may satisfy certain pension liabilities incurred by their direct and indirect operating company investments (including liabilities associated with the operating company's withdrawal from a pension plan). While U.S. law is unsettled on the circumstances under which an investment fund could be responsible for these types of pension liabilities and the partners intend to consider (among many factors) potential pension liabilities in determining whether to invest in a particular portfolio company, a Fund might become subject to pension-related liabilities of portfolio companies in which it invests and that the pension liabilities could exceed the value of such investment.
- **Effect of Fees and Expenses on Returns.** A Fund will pay certain fees and will bear all expenses related to its operations. Such fees are expected to reduce the actual returns to investors. Most of the fees and expenses will be paid no matter if a Fund produces positive investment returns. If a Fund does not produce significant positive investment returns, these fees and expenses could reduce the amount of the investment recovered by a limited partner to an amount less than the amount invested in the Fund by such limited partner.

No guarantee or representation can be made that a Fund will achieve its investment objective or that limited partners will receive a return of their capital or that Graham Partners will succeed. All investing involves a risk of loss and prospective and existing investors that cannot bear the loss of their entire investment in one of our private investment funds should not make such an investment. While Graham Partners' investment processes, strategies pursued by the Funds, and research techniques mitigate the investment risk through a careful selection of investment opportunities, the Funds could lose money over short or even long periods. Prospective and existing investors are advised to review the offering materials and other constituent documents for full details on each applicable Fund's investment, operational and other actual and potential risks.

#### **Item 9: Disciplinary Information**

There are no material legal or disciplinary events relating to our advisory business or the integrity of our management persons.

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

Graham Partners acts as investment adviser to the Funds, and certain related persons act as general partners of the Funds. Additionally, several related persons are relying investment advisers that serve as management companies to the Funds and provide certain administrative and managerial services. These related persons are also investment advisers registered in accordance with SEC guidance under the Advisers Act pursuant to Graham Partners' registration. These affiliated investment advisers operate as a single advisory business together with Graham Partners and may share common owners, officers, partners, employees, consultants or persons occupying similar positions. The Investment Committees of Graham Partners for the Flagship Funds and the Growth Fund are currently comprised of certain of the senior members of the Graham Partners team. In addition, as is described in Item 5 above and Item 11 below, GPOC and other entities within the Graham Group provide various services to the Funds and their portfolio companies.

In 2021, we established Graham Capital Investments (GCI), LLC ("GCI") as a subsidiary of Graham Partners, and intend to initially register GCI as a relying investment adviser of Graham Partners upon launch of GCI's product platform in accordance with SEC guidance under the Advisers Act, so that GCI may develop proprietary investment product platforms in the private capital sector. Although GCI was formed as a wholly-owned subsidiary of Graham Partners, we anticipate that other investors will invest in GCI, including, but not limited to, other Graham Group related investors and third parties. Further, we anticipate that GCI could someday be spun out as a standalone SEC-registered investment adviser. GCI's initial product platform may include, among other products, opportunistic products that make primary and/or secondary market investments in the following sub-sectors of the private capital market, among others: (i) co-investment vehicles or funds managed by third-party sponsors, Graham Partners or affiliates or related Graham Group entities that invest in one or more portfolio companies alongside of other vehicles managed by such parties, or by GCI, to hold interests directly in such portfolio companies; (ii) investment vehicles or funds managed by third-party sponsors, Graham Partners or affiliates or related Graham Group entities that invest in a single asset or in multi-asset portfolios on the secondary market through bespoke liquidity solutions; (iii) private funds managed by third-party sponsors or

by Graham Partners or any of its affiliates or related Graham Group entities; or (iv) seed investments and/or minority stake investments in investment management businesses, including businesses managed by third-party sponsors, Graham Partners or related Graham Group entities. GCI's product platforms may make opportunistic primary or secondary investments and investment commitments in the form of equity, debt and/or other hybrid forms of securities, and the product platforms themselves may be funded with a combination of equity and debt.

We do not recommend or select other investment advisers for the Funds or have other business relationships with other investments advisers that create a material conflict of interest.

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

We have adopted a written Code of Ethics which applies to all of our employees, and any other access persons as determined by Graham Partners. Our Code of Ethics requires our employees to serve the best interests of our clients in compliance with our status as a fiduciary, to comply with applicable federal securities laws and to report any violations of our Code of Ethics promptly to our Chief Compliance Officer. Our Code of Ethics includes insider trading policies and procedures. Generally, each of our employees must pre-clear certain personal securities transactions and provide copies of trade confirmations and periodic account statements, annual securities holdings reports and quarterly securities transactions reports. We will make our Code of Ethics available to any investor or prospective investor who requests a copy.

From time to time we may cause one of the Funds to buy or sell securities in which one of our officers, directors, employees or affiliates (as defined in the Funds' limited partnership agreements) has a material financial interest. The existence of such relationships creates a conflict of interest between the Fund and the relevant officer, director, employee or affiliate. Pursuant to the limited partnership agreements of the Funds, such transactions may need to be approved by the Fund's advisory board or a subcommittee thereof. A Fund's advisory board is comprised of representatives of its limited partners. Limited partners with advisory board representation in a given Fund have had, and may in the future have, holdings in other Funds or have made co-investments alongside one or more of the Funds, and may thus consider factors that are different than those of other limited partners who have advisory board representation in such Fund, but have no cross-holdings or co-investments. While this could create potential conflicts of interest between a given Fund and the relevant advisory board member, such potential conflicts are addressed in accordance with the applicable provisions of the Funds' limited partnership agreements.

From time to time our officers, directors, employees or affiliates may wish to co-invest in a transaction in which a Fund with remaining available capital is making an investment. This creates a conflict of interest between such Fund and the relevant officer, director, employee or affiliate. Pursuant to the limited partnership agreements of such Fund, such transactions may need to be approved by such Fund's advisory board or a subcommittee thereof, provided that approval is not required if the officer, director, employee or affiliate acquires such securities in his or her capacity as a director of a portfolio company. Certain members of the advisory boards may be employed by firms which provide or have in the past provided services to the Funds or portfolio companies, such as legal services or operational consulting services. While this creates potential

conflicts of interest between a given Fund and the relevant advisory board member, such potential conflicts are addressed in accordance with the applicable provisions of the Funds' limited partnership agreements. In addition, co-invest opportunities have been, and may in the future be, allocated for the purposes of cultivating new relationships that also benefit entities related to the Graham Group.

In accordance with the limited partnership agreements of the Funds, certain Graham Group entities and other related persons, which are deemed not to be affiliates of Graham Partners under the Funds' limited partnership agreements, have historically owned limited partnership interests in the Funds and have often held advisory board representation with the Funds alongside of other limited partners. In the future, Graham intends to create other Funds or Graham entities that are affiliates or related persons that will also own limited partnership interests in the Funds. (Please see Item 10 above and the discussion of family related co-investments below.) Certain Graham Group entities, including other investment management businesses that manage third-party investor capital, and other investors have also historically been offered the opportunity to co-sponsor or co-invest in a portfolio company in which a Fund with remaining available capital is making an investment, particularly in instances in which the general partner seeks operational expertise or other expertise which can benefit the Fund that will be making the investment. Entities beneficially owned by family members of principals also have an opportunity to co-invest with a Fund to the extent such entity or any of its affiliates has made a commitment to the Fund. Although certain Graham Group entities, including other investment management businesses that manage third-party investor capital, as well as operating partners and executive management members of portfolio companies, have received, and may in the future receive, a priority to co-invest alongside certain Funds, such as the Growth Fund, opportunities to co-invest are offered in accordance with the terms of the applicable limited partnership agreements of the Funds and generally do not require advisory board consent for the Funds. Pursuant to the limited partnership agreements of the Funds, the general partner of each Fund may only offer opportunities to co-invest to the extent the general partner believes it is appropriate to do so. Generally, Graham Partners will select which investors or other persons are permitted to co-invest based on various factors, including the overall strategic benefit of offering a co-investment opportunity to the potential co-investor, the size of the potential co-investor's commitment to the Fund, the investor's expression of interest or right to co-invest granted by such investor's side letter arrangements or other written communication and any other reason for including such investor or person determined by Graham Partners in its sole discretion. In any case, the general partner may not reduce a Fund's level of investment in a transaction below that which the general partner deems appropriate or as required by the Funds' applicable governing documents. If a Graham Group entity, including other investment management businesses that manage third-party investor capital, does co-invest with one of the Funds in a portfolio company, the transaction is disclosed in the quarterly financial statements and annual audited financial statements of the applicable Fund.

Certain Graham Group entities manage pools of third-party investor capital independent from the Funds. When a Graham Group entity has co-invested with the Funds in the past, representatives of the Graham Group have traditionally actively assisted Graham Partners with pre-closing operational due diligence and post-closing portfolio company matters, often including participation on portfolio company boards, and received compensation for these services. We believe the expertise available to our Funds and portfolio companies through such Graham Group

entities has provided our Funds with a significant edge in a competitive marketplace, and that our access to the expertise offered by such Graham Group entities has provided key advantages to each of our Funds in sourcing, pre-investment diligence and portfolio company oversight.

To the extent a Fund intends to participate in an investment alongside one or more third parties, it may be required to commit to bear a share of any transaction expenses, including financing fees and expenses and any reverse termination or similar fees, that would exceed such Fund's pro rata portion of such investment relative to such third parties. In certain cases, a Fund has been, and may be, required to bear co-investment costs and expenses (including costs of negotiating with, and forming investment vehicles relating to, co-investors or co-bidders that do in fact invest alongside such Fund). This is expected, at the least, to be the case in all instances where potential co-investors or co-bidders, whether third parties or existing investors in such Fund, have not fully committed to participating in a co-investment opportunity, but may also be the case where such a commitment has been made. As a result, a certain Funds will be required to bear significant costs and expenses in relation to consummated or unconsummated co-investments, which will adversely impact the overall returns to investors in such Fund.

Graham Partners, its related persons and affiliates have invested, and may in the future invest, in Continuation Funds as described in Item 8 above. In connection with the establishment of any such Continuation Fund, it is expected that the limited partners of the applicable Fund will have the option to receive cash proceeds, or reinvest or roll their corresponding interest in the applicable asset or assets into such Continuation Fund.

The general partner of a Graham Partners-sponsored fund may offer to the general partner of another Graham Partners-sponsored fund the opportunity to acquire or invest in one or more portfolio companies. Any such transaction will be effectuated on an arm's length basis and subject to any consents required pursuant to the Advisers Act.

A Fund may share in investment opportunities presented to one or more other Graham Partners-sponsored funds, to the extent that Graham Partners or its affiliates in good faith deems such allocation to be appropriate based on the factors described in the applicable limited partnership agreements, including after taking into account any priority co-investment rights or other co-investment allocations. Furthermore, the decision as to whether a Fund or any of the other Graham Partners-sponsored funds should make a particular follow-on investment in a portfolio company in which they are co-invested, or whether the follow-on investment will be shared in the same proportion as the original investment, may differ from the decision regarding the initial purchase due to a changed determination on this issue by Graham Partners or its affiliates.

The Funds, their general partners or Graham Partners have engaged, and expect to engage in the future, placement agents in respect of the offer of interests in Graham Partners-sponsored funds to certain prospective investors. Such placement agents act for the Funds, their general partners or Graham Partners, and not in the interest of potential investors in connection with the offering of such interests. Potential investors should be aware that placement agents receive compensation in exchange for their solicitation activities related to the Funds. Such fee is generally based upon the amount of capital commitments to a particular Fund by investors that the placement

agent introduces to the general partner of such Fund or the Fund. Placement agent fees and expenses are expected to be paid by the Funds and borne as described in the Fund Documents. A placement agent, due to such compensation, has an incentive to recommend the general partners, Graham Partners and the Funds, resulting in material conflicts of interest. Potential investors should recognize that a placement agent's participation as a placement agent will be influenced by its interest in such current or future fees and commissions and that affiliates or personnel of a placement agent could invest in the Funds. As an investor in a Fund, the placement agent has a conflict of interest insofar as the placement agent benefits from additional investors in such Fund by, among other things, a reduction in its pro rata share of organizational and operating expenses, and capital contributions, as well as a broader diversification of such Fund's underlying portfolio as a result of access to greater investment capital.

Graham Partners may in the future elect to sell an ownership stake in Graham Partners and affiliated entities to permit one or more third-party investors to hold an indirect passive minority interest.

## **Item 12: Brokerage Practices**

As a private investment firm, from time to time we may engage broker-dealers to assist us in selling one of our privately held portfolio companies or publicly traded securities. In the event we choose a broker-dealer, we seek to obtain best execution of transactions.

In selecting broker-dealers and negotiating rates, we look for whether the transaction represents the best qualitative execution and take into account several factors, including, but not limited to, the broker-dealer's relevant expertise in portfolio companies of the relevant size and industry, the reputation of the broker-dealer, the quality of investment research, timing and speed of execution and responsiveness. Generally, we get competing bids and compare them to current market prices.

To the extent we aggregate orders for purchase and sale, we will aggregate such orders as we deem appropriate and in accordance with the Funds' limited partnership agreements and in the best interest of each Fund.

We occasionally receive proprietary investment research and related services ("soft dollar benefits") from broker-dealers in connection with client securities transactions. However, we have no formal agreements with any broker-dealer pursuant to which we receive soft dollar benefits. We expect to use the research to assist us in the performance of our investment decision-making responsibilities.

When we use the soft dollar benefits, we receive a benefit as we do not have to produce or pay for the research, products or services. As a result, we have an incentive to select or recommend a broker-dealer based on our interest in receiving the research or other products or services, rather than on the Funds' interest in receiving most favorable execution.

We do not believe that this causes the Funds to pay brokers or dealers commissions in excess of the amounts other brokers or dealers would have charged in exchange for the soft dollar

benefits. Consistent with our best execution obligation, we negotiate fee arrangements with broker-dealers that we believe are beneficial to the Funds.

The soft dollar benefits may not be used to service every Fund and we may use the soft dollar benefits to service accounts that did not pay commissions to the broker-dealers providing the soft dollar benefits. We do not seek to allocate soft dollar benefits to Funds proportionately to the soft dollar credits the Funds generate.

Within our last fiscal year, we have received written research materials on certain companies, industries, sectors of the economy, market trends and other topics which might affect the economy or the price of securities. During our last fiscal year, we did not direct any client transactions to a particular broker-dealer in return for soft dollar benefits.

The firm from time to time has engaged and may in the future engage placement agents in connection with its fund raising activities.

### **Item 13: Review of Accounts**

On behalf of the general partner of each Fund, we manage the Funds on a day-to-day basis, and the Funds' portfolio companies are closely monitored by our Managing Principals and investment professionals.

Audited financial statements are prepared for each of the Funds following the end of each fiscal year, and unaudited financial statements are prepared for each of the Funds following the end of the first three fiscal quarters, in each case in accordance with the terms of the Funds' limited partnership agreements, and provided to investors. In addition to the information provided to all investors, Graham Partners has provided, and may in the future provide, certain investors with additional information or more frequent reports that other investors will not receive.

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

Graham Partners or its affiliates have provided, and in the future may provide, certain operational consulting and other specialized advisory services to the Funds and their portfolio companies and have received, and in the future may receive, compensation from the Funds or their portfolio companies in connection with such services. GPOC has received, and may in the future receive, fees from portfolio companies, Graham Partners, its affiliates, third parties and related parties. These fees are in addition to management fees. See Items 5 and 11 above for more information.

Graham Partners has entered into agreements with third-party marketing firms ("Solicitors") that provide referrals of (i) prospective investors, each of whom is an accredited investor, and (ii) certain investment consultants to Graham Partners and its Funds. As compensation, Graham Partners generally pays each such Solicitor a fee equivalent to a percentage of the referred investors' commitments exceeding certain thresholds. The expenses and fees paid to such Solicitor in respect of its activities will generally be borne by the Funds, which such fees (but not expenses) are subsequently off-set against the management fees borne by the Funds. These arrangements comply with applicable provisions of the Advisers Act, which requires among other

things, adviser oversight, disclosure of certain information, and that such arrangements be documented in writing.

### **Item 15: Custody**

Graham Partners is deemed to have custody of the Funds' assets and securities because certain of its affiliates serve as general partners of the Funds. As required by the Advisers Act, Graham Partners has established custody accounts with one or more qualified custodians to hold funds and securities on behalf of each of the Funds for which Graham Partners is deemed to have custody. The Funds receive monthly or quarterly account statements from their respective qualified custodians, which we review carefully and reconcile quarterly to our internal records of the Funds' assets. In addition, independent public accountants audit each of Fund's financial statements annually, and such audited financial statements are distributed to the Investors in each Fund.

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

Graham Partners and its affiliates generally have the authority to make all investment determinations on behalf of the Funds. The limited partnership agreements of the Funds generally impose some limitations on our investment discretion, which limitations can only be waived by the Fund's advisory board, a subcommittee of the advisory board or its limited partners. Investment advice is provided directly to each Fund and not individually to the limited partners of any Fund.

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

We have adopted a Voting Policy to comply with Rule 206(4)-6 promulgated under the Advisers Act. The Voting Policy, which has been designed to ensure that we vote client securities in the best interest of the Funds and provide the Funds with information about how client securities are voted, contains procedures that have been reasonably designed to prevent and detect fraudulent, deceptive or manipulative acts by us.

It is our policy to vote client securities in the interest of maximizing shareholder value. To that end, we will vote in a way that we believe, consistent with our fiduciary duty, will cause the value of the shares to increase the most or decline the least. Consideration will be given to both the short- and long-term implications of the proposal to be voted on when considering the optimal vote. We will vote client securities in the best interest of the Funds and not our own. In voting client securities, we will avoid material conflicts of interest between our interests on the one hand and the interests of the Funds on the other.

The Funds are not able to direct our vote in a particular solicitation.

We will maintain records of all voting statements received and votes cast in an easily accessible place for five years. Investors and prospective investors in the Funds may request information from us about how we voted the securities held by the Funds. We will make our Voting Policy available to any investor or prospective investor who requests a copy.



**Item 18: Financial Information**

We do not require or solicit prepayment of more than \$1,200 in fees per client, six months or more in advance.

Graham Partners has not been the subject of a bankruptcy petition at any time during the past ten years and is not aware of any financial condition reasonably likely to impair its ability to meet contractual commitments to its Investors.