

**INVESTMENT ADVISER BROCHURE  
PART 2A OF FORM ADV**

**SPC MANAGEMENT CO., INC.**

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**March 30, 2023**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of SPC Management Co., Inc. (the “Management Company” or “SPC”). If you have any questions about the contents of this Brochure, please contact us at (908) 719-2322. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state authority.**

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

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

## **MATERIAL CHANGES**

The last annual update to this Brochure was filed on March 28, 2022. This annual amendment updates the description of the business practices of the Adviser and its affiliates.

Material changes to this Brochure include:

- The launch of a new fund, Swander Pace Capital CT Fund I, during 2022.

Certain other routine updates include revisions and additions to:

- Item 4 which includes an update to its regulatory assets under management;
- Item 5 which includes information about fees and expenses;
- Item 6 which discusses performance-based fees and side-by-side management;
- Additions to the risk factors contained in Item 8; and
- Item 11 with additional disclosure regarding conflicts of interest.

Current and prospective investors are urged to review the Brochure in its entirety.

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## ADVISORY BUSINESS

SPC Management Co., Inc. (the “**Management Company**”), the registered investment adviser, is a California S-corporation. The Management Company and its affiliated investment advisers provide discretionary investment advisory services to their clients, which consist of private investment-related funds. The Management Company commenced operations in August 1997. The Management Company is principally owned by Andrew Richards

The following are the investment advisers affiliated with the Management Company:

- Swander Pace Capital IV, L.P.
- Swander Pace Capital V, L.P.
- Swander Pace Capital VI, L.P.
- Swander Pace Capital VII, L.P.
- Swander Pace Capital CT GP, L.P.

(each, a “**General Partner**”, and collectively, together with any future affiliated general partner entities, the “**General Partners**” and together with the Management Company and their affiliated entities “**SPC**”)

The General Partners listed above each serve as general partner or manager, as applicable, to one or more Funds (described below) and have the authority to make investment decisions on behalf of such Funds. The Management Company and each General Partner operate as a single investment advisory firm and are under common control. Consequently, the General Partners rely on the Management Company’s registration in accordance with SEC guidance in the 2012 ABA No-Action Letter.

The Management Company’s clients include the following (each, a “**Fund**,” and together with any future private investment fund to which the Management Company or its affiliates provide investment advisory services, “**Funds**”):

- |  |                     |
|--|---------------------|
| • SPC Partners IV, L.P.                | “ <b>Fund IV</b> ”  |
| • SPC Partners V, L.P.                 | “ <b>Fund V</b> ”   |
| • SPC Partners VI, L.P.                | “ <b>Fund VI</b> ”  |
| • SPC Partners VII, L.P.               | “ <b>Fund VII</b> ” |
| • Swander Pace Capital CT Fund I, L.P. | “ <b>CT Fund</b> ”  |

Interests in the Funds are privately offered to qualified investors in the United States and elsewhere. The Funds generally invest through negotiated transactions in operating companies, generally referred to herein as “portfolio companies”. SPC’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and ultimately selling such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, where such investments consist of portfolio companies, the personnel of SPC may serve on such portfolio companies’ respective boards of directors or otherwise act to influence control over management of portfolio companies held by the Funds.

SPC’s advisory services for each Fund are detailed in the applicable offering memorandum (each, a “**Memorandum**”) and limited partnership agreements or operating agreements (each, an “**Organizational Document**” and together with the Memorandum, the “**Governing Documents**”) and are further described below under “Methods of Analysis, Investment Strategies and Risk of Loss.” Investors in the Funds participate in the overall investment program for the applicable Fund, but may be excused from a particular investment due to legal, regulatory or other applicable constraints. The Funds or SPC may enter into side letters or similar agreements with certain investors that have the effect of establishing rights under, or altering or supplementing a Fund’s Organizational Document, including by providing, among other things, different information rights, co-investment rights, liquidity or transfer rights and other economic rights that may be material.

Additionally, from time to time, SPC provides (or agrees to provide) certain current or prospective investors or other persons the opportunity to participate in co-invest vehicles that will invest in certain portfolio companies alongside a Fund. SPC also provides certain investors or other persons to invest alongside the Funds directly in certain portfolio companies. Co-investment vehicles and co-investors typically invest and dispose of their investments in the applicable portfolio company at the same time and on the same terms as the SPC Fund making the investment. However, from time to time, for strategic and other reasons, a co-investment vehicle or co-investor can purchase a portion of an investment from a Fund. Any such purchase from a Fund by a co-investment vehicle or co-investor generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment.

Additionally, to the extent the Funds do not fully subscribe to the investment opportunity, SPC may offer the opportunity to other clients, other parties with a relationship with SPC or unrelated outside parties in accordance to its Allocation Policy. SPC will determine, in its sole discretion, whether a party is eligible to participate in any co-investment opportunity and will also consider factors such as: expertise of the prospective party in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory and/or securities law considerations (e.g., qualified purchaser or qualified institutional buyer status); and other appropriate factors.

**This Brochure does not constitute an offer to sell or solicitation of an offer to buy any securities. Persons reviewing this Brochure should not construe this as an offer to sell or solicitation of an offer to buy the securities of any of the Funds described herein. Any such offer or solicitation will be made only using a confidential private placement memorandum.**

As of December 31, 2022, SPC managed \$1,363,316,838 in client assets on a discretionary basis. SPC does not manage any client assets on a non-discretionary basis.

## **FEES AND COMPENSATION**

The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Organizational Documents of the Funds describe fees, compensation and expenses in greater detail.

In general, each General Partner receives a management fee (the “**Management Fee**”) and a carried interest in connection with the provision of advisory services to its clients. The General Partners or other SPC entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies (*e.g.*, monitoring and other fees) of Funds. In general, such additional compensation will offset in whole or in part the management fees otherwise payable to SPC in accordance with the terms set forth in the applicable Fund’s Organizational Documents. Investors in the Funds also bear certain fund expenses, as described below.

### **Management Fees**

The Management Fee is based on aggregate Commitments or invested capital. If limited partners participate in a subsequent closing after the initial closing date, they generally will be assessed Management Fees retroactive to the effective date plus additional fees, as described in the relevant Governing Documents. Any such amounts of Management Fees will be paid to the General Partner. The Management Fee generally will be paid from drawdowns that will reduce unfunded Commitments. The Management Fee may be waived in respect of Fund investments made by related persons of the Management Company. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

Certain Management Fees will be charged on a basis that generally is not tied to the Fund’s then-current net asset value. As specified in the relevant Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (generally representing the end of the Fund’s defined Commitment Period (the “**Stepdown Date**”)), Management Fees generally will be charged based on a percentage of the relevant Fund’s aggregate Commitments. After the Stepdown Date, Management Fees generally will be charged based on a percentage of investment contributions made by the relevant Fund that have not been disposed of or permanently written down for federal income tax purposes, minus the aggregate amount of permanent writedowns.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including following the investment period, and will not be reduced in connection with write downs, except in the case of investments permanently written down. In certain circumstances as described in the Governing Documents, Management Fees will not be reduced (in whole or in part) in the case of partial distributions or partial sales of investments.

In many circumstances, the management fee base will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions, or partial write-downs that occur partway through the relevant measurement period.

The Governing Documents set forth the full list of terms under which Management Fees will be reduced, offset or otherwise be limited, and consequently investors should expect to bear the full specified Management Fee rate in the Governing Documents until they are reduced in the circumstances and on the date(s) specified therein.

### **Carried Interest**

Each General Partner generally is entitled to receive a carried interest with respect to the relevant Fund as fully described in the Governing Documents. The carried interest distributed to a General Partner is subject to a potential clawback or giveback at the end of life of a Fund if the respective General Partner has received excess cumulative distributions.

### **Other Information**

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Organizational Documents, over the term of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

Certain employees of SPC receive a portion of the Management Fee, carried interest or other compensation received by the General Partners.

In addition to the Management Fee and carried interest payable to the General Partners, each Fund bears certain expenses. As set forth more fully in, and subject to, the Organizational Documents, each Fund will typically pay all other costs and expenses of a Fund that are not reimbursed by portfolio companies (which portfolio company reimbursements may be for travel and any other out-of-pocket expenses incurred in connection with: (i) the making, monitoring and/or disposing of such portfolio company investments, including follow-on investments and refinancings; (ii) utilizing the services of third parties to perform general and specific subject matter research in, and surveys of, the consumer sectors in which a portfolio company is active; (iii) assisting with the search and evaluation of potential portfolio company acquisition candidates; (iv) hiring of legal and other consultants for due diligence; and (v) performing other duties on behalf of portfolio companies as necessary), generally including legal, auditing, consulting, financing, accounting, administrative (including expenses related to third party administrators),

travel, business development and custodian fees and expenses; expenses associated with a Fund's financial statements, tax returns and Schedule K-1s; out-of-pocket expenses incurred in connection with transactions not consummated (such expenses hereinafter referred to as "**Broken Deal Expenses**"); expenses of the advisory board and meetings with any limited partner(s); insurance; (including directors and officers insurance) other expenses associated with the acquisition, holding and disposition of its investments, including extraordinary expenses (such as litigation, if any); and any taxes, fees or other governmental charges levied against a Fund. Each Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests. As described in the Governing Documents, a Fund may reimburse the applicable General Partner for the Fund's organizational and start-up expenses up to a specified amount, including legal, travel, accounting, filing, printing, capital raising and other organizational expenses. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. Brokerage fees may be incurred in accordance with the practices set forth in "Brokerage Practices." Current or prospective investors are urged to review the applicable Fund's Organization Documents for a detailed description of the expenses that such Fund is permitted to bear (the above disclosure is qualified in its entirety by the expense allocation terms set forth in the applicable Fund's Organizational Document).

To the extent holding or intermediate entities include one or more special purpose acquisition companies ("**SPACs**"), the relevant Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founders' equity or similar interests issued thereby that are not held directly or indirectly by the Fund, and except where prohibited by the Governing Documents, such interests are permitted to be issued to SPC and its personnel.

As a general matter, Fund expenses typically will be allocated among all relevant Funds, to the extent such Funds are required to reimburse (or otherwise pay) expenses of that kind pursuant to the terms of their respective Organizational Documents and in accordance with SPC's internal expense allocation policies and procedures. Subject to the applicable Organizational Documents, Fund expenses relevant to multiple Funds will, in SPC's good faith determination, be allocated to such Funds typically on a pro-rata basis (generally based on: (i) the relative size of a Fund's invested capital, in the case of investment-related expenses and (ii) in the case of other expenses, the relative size of a Fund's Commitments (in the case of a Fund whose investment period has not yet ended) or the relative size of a Fund's actively invested capital (in the case of a Fund whose investment period has ended). In all cases, subject to applicable legal, contractual or similar restrictions, SPC or its affiliates using their best judgment, may allocate expenses in a different manner than that described above where they believe such an allocation is in the best interests of the relevant Funds. The allocation of such shared expenses may not be proportional in each and every case. Different Funds may (and, in certain instances, do) have different expense reimbursement terms, which could (and, in relevant instances, do) result in the Funds bearing different levels of expenses with respect to the same investment.



Expenses relating to the monitoring of a portfolio company are typically incurred by SPC and charged to the applicable portfolio companies on a periodic basis. These expenses include, but are not limited to, travel to portfolio companies for board and other meetings, assisting with the search and evaluation of potential acquisition candidates, hiring of legal and other consultants for due diligence, and performing other duties on behalf of portfolio companies as necessary. Expenses include the subscription costs associated with using services/tools to perform general and specific subject matter research in the consumer sectors in which the portfolio company is active, including surveys. Careful judgement is used to ensure that all expenses charged to a portfolio company are reasonable, appropriate, and necessary to monitoring / assisting the relevant portfolio company.

As described herein, in some circumstances, a co-investment vehicle is expected to be formed in connection with the consummation of a transaction. Accordingly, where a proposed transaction is not consummated, no co-investment vehicle generally will have been formed. As such, absent a written agreement with a specific prospective co-investor to the contrary that obligates such person to bear a share of the relevant Broken Deal Expenses relating to such an unconsummated co- transaction, the full amount of any Broken Deal Expenses relating to any such proposed transaction would therefore be borne by the Fund or Funds that have sought to participate in such proposed transaction. Additionally, Broken Deal Expenses relating to an unconsummated add-on investment in a prior Fund's portfolio company will typically be allocated solely to such prior Fund (unless such prior Fund was deemed unsuitable by SPC, in its sole discretion, to participate in such add-on investment for any reason). To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

One or more senior professionals associated with SPC (the “**Operating Partners**”) currently do, and may from time to time in the future, provide certain key value-added services to the portfolio companies of the Funds (including, but not limited to, serving as senior executives of such portfolio companies on an interim and/or part-time basis). Such senior professionals may receive compensation (including but not limited to reimbursement of out-of-pocket expenses such as travel expenses) directly from Fund portfolio companies for such services. Such compensation is typically negotiated by and between such senior professionals and the applicable Fund portfolio companies, and any such compensation is typically not offset against the Management Fee, except as otherwise specifically agreed to in the applicable Fund's Organizational Documents. Additionally, from time to time, one or more of the aforementioned senior professionals may also provide investment advisory or other consulting services to SPC relating to SPC's investment advisory business (which services may (and do) encompass portfolio company investments made by one or more Funds). The compensation for such consulting services is typically paid by SPC out of its own pocket and, for the avoidance of doubt, is in addition to the compensation such senior professionals receive directly from Fund portfolio companies for the separate services such professionals provide directly to such portfolio companies (as described above).

## **PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As described under “Fees and Compensation,” each General Partner generally is entitled to receive a carried interest allocation on certain realized profits of the relevant Fund(s). A carried interest allocation represents an investment adviser's compensation based on a percentage of net

profits of the Funds it manages. The existence of performance-based compensation has the potential to create an incentive for the relevant General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although SPC generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals. See "Methods of Analysis, Investment Strategies and Risk of Loss" for further discussion of conflicts of interest potentially applicable to SPC and how SPC resolves such conflicts.

## **TYPES OF CLIENTS**

SPC provides investment advice solely to its Fund clients. Funds may include investment partnerships or other investment entities formed under domestic or foreign laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Funds may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, employees of SPC and its affiliates, as well as executives of portfolio companies.

The relevant General Partner also generally is permitted from time to time to establish Funds that are alternative investment vehicles in order to permit certain investors to participate in one or more particular investment opportunities in a manner desirable for tax, regulatory or other reasons. Alternative investment vehicle sponsors generally have limited discretion to invest the assets of these vehicles independent of limitations or other procedures set forth in the organizational documents of such vehicles and the Governing Documents related Fund.

The Funds generally have a minimum investment amount of \$5 million for third-party investors, although individual Commitments of lesser amounts may be accepted at the discretion of the General Partner. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) "accredited investors" as defined under Regulation D of the Securities Act of 1933, as amended, and (ii) for certain Funds, either "qualified purchasers" or "knowledgeable employees" as defined under the Investment Company Act of 1940, as amended. SPC may waive such minimum investment amounts and qualification requirements.

## **METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS**

### **General**

SPC pursues a strategy of investing in non-durable consumer products companies, across a wide range of consumer industries, which possess strong growth potential. SPC's investment strategy and process is based on the belief that value can be created in private equity investments by maintaining a specialized investment focus, being proactive in generating deal flow, performing rigorous due diligence, actively adding value to companies, leveraging synergies between portfolio companies, and selling to buyers for cash.

The following is a summary of the investment strategies and methods of analysis generally employed by SPC on behalf of the Funds. More detailed descriptions of the Funds' investment strategies and methods of analysis are included in the applicable Memorandum and other Governing Documents for each Fund. There can be no assurance that SPC will achieve the investment objectives of the Funds and a loss of investment is possible.

## **Investment and Operating Strategy**

SPC's investment strategy is to create value by acquiring growing middle-market consumer products companies with leading market positions and definable, defensible niches across a wide range of consumer industries. SPC follows a formal process in evaluating investment opportunities that it believes leads to thorough and consistent investment decision-making:

*Structured, Rigorous Process.* SPC's investment decisions are made and approved by an investment committee comprised of SPC senior management. Formal meetings of the entire investment staff are held at the following times during the pursuit of an investment: (i) weekly, to review investment opportunities; (ii) in advance of any submitted letters of intent; and (iii) after completion of due diligence prior to the final investment decision by the investment committee. SPC's managing directors all work closely with investment staff to evaluate investment opportunities. Each investment opportunity is analyzed and managed by a three- to five-person investment team, which typically consists of at least two managing directors. Each investment team creates a number of formal documents during the review process, including an investment summary, a pre-letter of intent presentation, a due diligence presentation, and an investment committee binder that summarizes all aspects of due diligence. SPC believes this structured, rigorous process leads to thorough and consistent investment decision-making.

*Proactive Deal Flow Generation.* SPC's sourcing strategy is focused on identifying management teams and owners of existing businesses that are seeking a partner that can add value to their companies both during the transaction and post-closing.

*Direct Sourced Transactions.* SPC has developed a comprehensive and proactive deal sourcing program that includes the following major initiatives:

- A structured program for the SPC senior management to devote considerable time to deal flow sourcing through an industry team approach;
- Aggressive and direct targeting of potential investment candidates;
- Active courting of senior management contacts;
- Active participation in trade shows; and
- Networking with the investment banking and business brokerage community.

Each industry team consists of two to three investment professionals who concentrate their efforts on building contacts, identifying target acquisitions, accumulating expertise, and exhausting potential acquisition opportunities within a defined sector.

*Extensive Due Diligence.* SPC's due diligence process involves an extensive analysis of a target company's competitive position and future outlook. Key components of SPC's due diligence process include:

- **Historical Analysis:** Details a thorough history of the target company's past performance to understand any challenges or limitations that need to be considered in the development of the company.
- **Market Position Assessment:** Determines the relative strength of the target company's current position and helps direct where future competitive advantage can be established. Given SPC's focus on acquiring companies with a definable, defensible niche, this assessment takes place early in the due diligence process to ensure a fit with SPC's investment strategy.
- **Operations Assessment:** Identifies any critical issues in manufacturing and highlights opportunities for consolidation and/or cost reduction.
- **Distribution Analysis:** Provides an assessment of the target company's distribution strength from a product line, geographic scope, and channel depth perspective.
- **Competitor Analysis:** Directs future strategies to exploit competitor limitations and helps assess the relative strength of the target company across a range of factors including cost structure, customer loyalty, and performance.
- **Management Evaluation:** Provides a combination of reference and background checks and an assessment of strengths and weaknesses to determine if any key positions need to be addressed upon closing.

SPC works with strategic third-party advisors across a wide variety of due diligence areas including accounting, information systems, legal issues, manufacturing operations, human resources practices, insurance coverage, environmental issues, and, where appropriate, food safety.

*Hands-On Portfolio Company Development.* Post-acquisition, SPC actively develops its portfolio companies by working with management teams to create focused revenue and profit growth strategies. SPC typically serves as the lead and control investor and is in a position to exercise control over the strategic direction and major decisions of its portfolio companies.

*Portfolio Synergies.* Due to its sector focus, SPC believes it frequently identifies opportunities to increase revenue and profit growth at portfolio companies through active collaboration and partnering across the portfolio. SPC's portfolio CEOs meet annually at an executive summit session to build rapport and share specific ways to mutually create value.

*Selling to Buyers for Cash.* In general, SPC targets companies where internal growth and improved company performance is anticipated to lead to an exit in five to six years. SPC typically acquires companies with the expectation of exiting those companies through sales to larger, well-funded strategic or financial buyers for cash consideration. SPC's exit prospects are therefore less dependent on capital market conditions than some other private equity firms. For strategic buyers,

an SPC portfolio company typically represents a relatively small, strategic add-on acquisition that can easily be financed through the buyer's balance sheet. For financial buyers, an acquisition of an SPC portfolio company generally can be completed without access to high-yield debt and represents a relatively small equity investment for the buyer.

## **Risks of Investment**

The Funds and their investors bear the risk of loss that SPC's investment strategy entails. Although the following risk factors are generally applicable to SPC's Funds, investors should also refer to each Fund's Memorandum for risk factors specific to their Fund. The risks involved with SPC's investment strategy and an investment in the Funds include, but are not limited to:

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

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

*Concentration of Investments; Lack of Diversification.* A Fund will participate in a limited number of investments and intends to make most of its investments in consumer products and consumer-related industries. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, a Fund may invest in fewer portfolio companies and thus be less diversified. As a result of the foregoing, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings in the consumer products and consumer-related industries, or the timing of the Fund's investments, may substantially affect the Fund's aggregate return.

*Lack of Sufficient Investment Opportunities.* The business of identifying and structuring private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. However, limited partners will be required to pay annual Management Fees during the Commitment Period based on the entire amount of their commitments.

*Illiquidity; Lack of Current Distributions.* An investment in a Fund should be viewed as illiquid. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the respective General Partner) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including, without limitation, unfunded Commitments.

*Leveraged Investments.* A Fund is permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of its investment. Leverage generally magnifies both such Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

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

*Alternative Investment Fund Managers Directive.* In November 2010, the European Union (the "EU") passed new legislation, the Alternative Investment Fund Managers Directive ("AIFMD"), that has imposed restrictions on the management and/or marketing within the EU of funds established outside the EU, such as the Funds, which may restrict the ability of investors to realize their investments in the Funds by way of secondary sale.

*Need for Follow-On Investments.* Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company. There is no assurance

that a Fund will make follow-on investments or that such Fund will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment. Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of such Fund's ownership in a portfolio company if a third party invests in such portfolio company.

*Non-U.S. Investments.* A Fund may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to a Fund's income, and possible non-U.S. tax return filing requirements for a Fund and/or the partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets. Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

*Director Liability.* The Funds will often obtain the right to appoint one or more representatives to the board of directors (or similar governing body) of the companies in which they invest. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately the Fund, to potential liability. While portfolio companies generally obtain insurance with respect to such liability, the insurance that portfolio companies generally obtain may be insufficient to adequately protect officers and directors from such liability.

*Uncertain Economic and Political Environment.* The current global economic and political climate is one of uncertainty. Prior acts of terrorism in the United States, the threat of additional terrorist strikes 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, increasing the risk of an economic downturn. The availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, continues to be restricted. This may have an adverse effect on the economy generally and on the ability of a Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of their businesses. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. Furthermore, such uncertainty may have an adverse effect upon portfolio companies in which a Fund makes investments.

*Market Conditions.* Any material change in the economic environment, including a slow-

down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. A Fund's performance can be affected by deterioration in public markets and by market events, such as the onset of a credit crisis or the downgrading of the credit rating of the United States, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect a Fund's ability to raise funding to support its investment objective and also the level of profitability achieved on realizations of investments.

*Material, Non-Public Information; Other Regulatory Restrictions.* As a result of the operations of SPC and its affiliates, as well as in connection with officerships or directorships of SPC personnel, SPC occasionally comes into possession of confidential or material, non-public information. If such information is relevant to an investment decision to be made by a Fund, a Fund may be restricted from initiating a transaction or selling an investment.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent SPC or the Funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the U.S. Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of SPC's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by SPC or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

*Public Health Risk:* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, ebola and the current outbreak of COVID-19, have and are resulting in market disruption, and future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to the Funds.



*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, has dramatically reduced investor demand for high yield debt and senior bank debt, which in turn has led some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for its investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of a Fund to realize its investments at favorable times or for favorable prices.

*Cybersecurity Risk.* SPC, the Funds and each Fund's portfolio companies generally rely on information technology systems for current and planned operations. Information and technology systems of SPC and each Fund's portfolio companies may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. If any systems designed to manage such risks are compromised, become inoperable for extended periods of time or cease to function properly, SPC, a Fund and/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 Fund's investment results and its ability to make distributions to its partners. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in SPC's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm SPC's, 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 and result in substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm.

*U.S. Taxation of Carried Interest.* U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at

lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or SPC who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for SPC to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

*Secondaries and other GP-Led Transactions.* There continues to be a significant market in the private fund sector for secondary sales, GP-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by SPC following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where SPC believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by the SPC and its affiliates). However, certain of such transactions are expected to require a limited partner to invest additional capital in the existing Fund and/or other investment vehicles, a greater exposure to one or more particular portfolio company, and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of SPC or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where SPC or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction, their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, SPC, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances SPC reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that SPC will successfully identify all conflicts of interest or resolve or mitigate

all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, SPC reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the Fund's banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Fund's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "**Distress Event**"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, SPC, the Funds and/or their portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation ("**FDIC**"), in the case of banks, or the Securities Investor Protection Corporation ("**SIPC**"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of SPC to manage the Funds and their investments, and on the ability of SPC, any Fund and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include a Fund to pay fees and expenses in the event the Fund is not able to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although SPC expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

Many Financial Institutions require, as a condition to using their services or otherwise, that SPC and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with a custodian, which heightens the risks associated with a Distress Event with respect to such custodians. Although SPC seeks to do business with custodians that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, SPC is under no obligation to use a minimum number of custodians with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

## **Conflicts of Interest**

Investors should be aware that various actual and potential conflicts of interest will arise from the overall investment activities of a Fund, the General Partner and their respective affiliates, as well as their respective employees, partners, members, shareholders, officers, directors and managers. In addition, investors should be aware that such persons may in the future engage in further activities that could result in additional conflicts of interest not addressed below. The below list is not a comprehensive list of all existing conflicts of interest. There can be no assurance that the General Partner or SPC will identify or resolve all conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a Fund.

During the commitment period of a Fund, SPC will, and is contractually obligated pursuant to the Fund's Organizational Documents to, pursue all appropriate investment opportunities to invest in new portfolio companies exclusively through such Fund, subject to certain limited exceptions. As such, except as otherwise provided in the Fund's Organizational Documents, until such Fund's commitment period has expired, SPC will typically not be permitted to raise a "successor" Fund (i.e., a Fund with investment strategies and objective substantially similar to those of the current Fund). Such a policy minimizes conflicts of interest that could arise when simultaneously managing multiple Funds with similar/overlapping investment strategies. SPC's investment staff will continue to manage and monitor each Fund and its respective investments in accordance with the time commitment requirements set forth in the applicable Fund's Organization Documents. SPC's significant investment in the Funds, as well as SPC's interest in the carried interest, in SPC's belief, operate to align, to a large extent, the interest of SPC with the interest of the partners. SPC personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. As a corollary to the successor Fund-related restrictions described above, following the commitment period of a particular Fund, SPC may and likely will focus its investment activities on other opportunities and areas unrelated to such Fund's investments (i.e., SPC will likely focus on seeking new investment opportunities for, and pursuing investment activities on behalf of, its successor Fund). Unless restricted by the Governing Documents, SPC personnel are permitted to serve on boards or act in other roles unaffiliated with SPC, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

The Funds primarily make controlling investments in portfolio companies. As a result of these controlling interests, the General Partner typically has the right to appoint portfolio company board members (including current or former General Partner personnel and Operating Partners), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to the General Partner and/or its affiliates in connection with services provided by the General Partner and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Partnership Agreement's offset provision, are in addition to the Management Fee or carried interest discussed herein. The General Partner's authority to appoint or influence the appointment of portfolio company board members who will be involved in approving compensation payable to the General Partner subjects the General Partner and any such portfolio company board appointees to potential conflicts of interest. Furthermore, the personnel of the Management Company

may make preferential returns on a suitable investment opportunity for the Fund through another SPC investment vehicle, which creates a conflict of interest because such personnel are incentivized to allocate investment opportunities to the entity in which the personnel receive preferential returns. Additionally, a portfolio company typically will reimburse the General Partner, Operating Partners, and other service providers retained at the General Partner's discretion for expenses (including travel expenses) incurred by such persons in connection with the performance of services for such portfolio company. This subjects the General Partner to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the Partnership Agreement and its internal reimbursement policies and practices, the General Partner determines the amount of these reimbursements for such services in its own discretion.

Notwithstanding any of the above, from time to time, SPC will be presented with investment opportunities that would be suitable for more than one of the Funds (such a follow-on opportunity for a successor Fund to cross-invest in a prior Fund's portfolio company). In determining which Funds should participate in such investment opportunities, SPC and its affiliates are subject to conflicts of interest. SPC attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and seeks to allocate investment opportunities in a fair and equitable manner consistent with the terms set forth in the Organizational Documents of such Funds. Where necessary, SPC consults with, and receives consent to pursue activities giving rise to conflicts from, each applicable Fund's advisory board (which is comprised of representatives of certain limited partners of the Fund).

In circumstances where an entire investment could be made by a Fund, SPC is permitted to still allocate a portion of such investment to one or more co-investors in accordance with such Fund's Governing Documents and SPC's Allocation Policy if SPC believes in its good faith judgment that the full investment by the Fund would not be in the best interests of the Fund or that a particular co-investor would add value to the Fund or the investment. Investors that participate in co-investments may be in a position to obtain additional information regarding the applicable portfolio company that may not generally be available to investors in the applicable Fund.

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

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the

same time or on the same terms. SPC and its affiliates reserve the right, from time to time, to express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts, there can be no assurance that any such conflict can be resolved in a manner that is beneficial to both Funds. In that regard, actions taken for one or more Funds may adversely affect other Funds.

Subject to any relevant restrictions or other limitations contained in the Governing Documents, SPC will allocate fees and expenses in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. In exercising such discretion, SPC expects to be faced with a variety of potential conflicts of interest. Since SPC is permitted to retain certain supplemental fees (as described under "Fees and Compensation") in connection with Fund investments, it has a conflict of interest in connection with approving transactions and setting such compensation. SPC seeks to resolve such conflict by offsetting the Management Fee by a portion of such Supplemental Fees. In many cases, such Supplemental Fees are based on enterprise value or other metrics relating to a portfolio company, and there can be no assurance that the amount of Supplemental Fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company.

Additionally, a portfolio company typically will reimburse SPC or service providers retained at SPC's discretion for expenses (including, without limitation, travel expenses) incurred by SPC or such service providers in connection with its performance of services for such portfolio company. This subjects SPC and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. SPC determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to SPC or such service providers generally is subject to: agreements with or review by sellers, buyers and management teams; the review and supervision of the board of directors of or lenders to portfolio companies; and/or third party co-investors in its transactions. These factors help to mitigate related potential conflicts of interest.

In connection with its services to the Funds and their investments, SPC, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of SPC's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, SPC and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**SPC Information**"). In many cases, SPC Information will include tools, procedures and resources developed by SPC to organize or systematize SPC Information for ongoing or future use. Although SPC expects its Funds and their portfolio companies generally to benefit from SPC's possession of SPC Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies and not by the Fund or portfolio

company from which SPC Information was originally received. SPC Information will be the sole intellectual property of SPC and solely for the use of SPC. SPC reserves the right to use, share, license, sell or monetize SPC Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

SPC generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contracts for services with certain service providers, and from time to time such service providers are expected to include: (i) SPC or a related person of SPC (which may include a portfolio company of such Fund); (ii) an entity with which SPC or its affiliates or current or former members of their personnel has a relationship or from which SPC or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where SPC personnel are seconded, or from which SPC receives secondees; or (iii) certain limited partners or their affiliates. For example, SPC expects to be presented with opportunities to receive financing and/or other services in connection with a Fund’s investments from certain limited partners or their affiliates that are engaged in lending or related business. This discretion subjects SPC to conflicts of interest, because, although SPC selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, SPC has a potential incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest. There is a possibility that SPC, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or SPC), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. SPC will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although SPC generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers.

In addition, as described above, portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees to operating partners and other consultants (including consultants introduced or arranged by SPC and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset or reduce the Management Fee as described herein. Operating Partners generally make use of SPC resources or otherwise are associated with SPC. SPC and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. Operating Partners generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the

Management Fee of any Fund, as described herein, and the use of Operating Partners is expected to fluctuate and/or expand over time. To the extent that Operating Partners are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Operating Partner's services at a time when fewer portfolio companies or Funds make use of such Operating Partner. Under many of these arrangements, there can be no assurance that the amount of compensation paid in a particular year will be proportional to the amount of hours worked or the amount or written work product generated by the Operating Partner. However, cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) may result if the cost of the Operating Partner is lower than market rates for the services provided and/or if the services of the Operating Partner align with SPC's model for the portfolio company and improve portfolio company performance. Although SPC seeks to retain Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. SPC also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that SPC believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Operating Partners and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although SPC generally structures Funds to avoid cross-guarantees and other circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any SPC affiliate, in certain circumstances lenders and other market participants negotiate for the right to face only select Fund entities, which may result in a single Fund being solely liable for other Funds' share of the relevant obligation and/or joint and several liability among Funds. In such cases, SPC intends to cause the relevant other Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements. In other circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or a SPC affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's limited partners could suffer adverse effects resulting from any default by any Fund or a SPC affiliate, whether or not related to the Fund in which such limited partners have invested.

SPC and/or its affiliates reserve the right to employ personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by SPC and/or its affiliates; conversely, current or former personnel or executives of SPC and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by SPC. Similarly, SPC, its affiliates and/or personnel maintain relationships with (or invest in) financial institutions, service providers and other market participants, including, but not limited to, managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and



former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, SPC and/or its affiliates and/or the Funds or other investment vehicles they advise. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through SPC entities, whether or not relating to financing SPC personnel obligations to fund General Partner commitment obligations) to SPC personnel and their estate planning vehicles. SPC expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide SPC information about markets and industries in which SPC operates (or is contemplating operations) or will provide other services that are beneficial to SPC or one or more other Funds. SPC expects to be subject to a potential conflict of interest in making such recommendations, in that SPC has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

SPC, its affiliates, and equity holders, officers, senior management and employees of SPC and its affiliates reserve the right to buy or sell securities or other instruments that SPC has recommended to a Fund. Any such transactions are subject to any restrictions in the Governing Documents and any related policies and procedures set forth in SPC's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of SPC have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expects to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than SPC deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's *pro rata* interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to

the Fund or its limited partners.

Except to the extent prohibited by the Governing Documents, SPC and its personnel are permitted to market, organize, sponsor or act in other capacities (including as director, founder or manager) for other pooled investment vehicles, accounts or SPACs the investment or business strategy of which does not overlap with the Fund(s) and to receive compensation (including in the form of management fees, performance-based compensation, founders' equity or similar interests) relating thereto. Subject to any limitations imposed by the Governing Documents and anti-“assignment” provisions of the Advisers Act, SPC and its personnel are also permitted to offer, restructure and monetize interests in SPC.

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

In certain circumstances, such as those relating to short- or long-term portfolio company cash or liquidity needs, and regardless of whether the portfolio company is undergoing financial stress, SPC reserves the right to accrue, defer or forego payments of any Supplemental Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Governing Documents, investors will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received.

SPC and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures (including discounted or rebated compensation terms, none of which generally will be subject to the “most-favored nation” provisions of a Fund’s Governing Documents), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, and liquidity or transfer rights. Side Letters may also relate to strategic relationships under which an investor agrees to make Commitments to multiple Funds. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

SPC has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as SPC has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. From time to time SPC its affiliates and personnel may receive the benefit of “friends and family” and similar discounts from portfolio companies owned by the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than SPC and such persons as part of their standard commercial practices in an

effort to expand their respective customer bases, SPC believes that the potential for conflicts of interest relating to such discounts is mitigated. SPC, its affiliates and personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered by a portfolio company to SPC, any other portfolio company or third parties have the potential to affect the returns of the portfolio company.

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

### **DISCIPLINARY INFORMATION**

SPC and its management persons have not been subject to any material legal or disciplinary events required to be discussed in this Brochure.

### **OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS**

As described under "Advisory Business" above, the Management Company is affiliated with the following General Partners that are covered by the Management Company's registration as an investment adviser under the Advisers Act in accordance with SEC guidance:

- Swander Pace Capital IV, L.P. (the general partner of Fund IV)
- Swander Pace Capital V, L.P. (the general partner of Fund V)
- Swander Pace Capital VI, L.P. (the general partner of Fund VI)
- Swander Pace Capital VII, L.P. (the general partner of Fund VII)
- Swander Pace Capital CT GP, L.P. (the general partner of the CT Fund)

These affiliated investment advisers serve as general partners of Funds and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

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

SPC has adopted a Code of Ethics and Securities Trading Policy (the "**Code**"), which sets forth standards of conduct that are expected of SPC senior management and employees and

addresses conflicts that arise from personal trading. The Code requires SPC personnel to:

- Report their personal securities transactions;
- Pre-clear any proposed purchase of any initial public offering or limited offering; and
- Comply with the policies and procedures reasonably designed to prevent the misuse of, or trading upon, material non-public information.

A copy of the Code will be provided to any investor or prospective investor upon request to Virginia Calvo, the Chief Compliance Officer of SPC, at (908) 719-2322. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

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

Accordingly, should SPC or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, SPC would be prohibited from communicating such information to clients, and SPC will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. If SPC personnel serve as directors of public companies, SPC will be restricted from trading in such companies in order to comply with federal securities laws, and this in turn would restrict trading on behalf of clients, including the Funds.

The Funds can invest together with other private investment funds advised by an affiliated adviser of SPC in the manner set forth in the Organizational Document. SPC allocates investment opportunities or advisory recommendations on a fair and equitable basis, consistent with its fiduciary obligations, the underlying documents for the relevant Fund and the SPC investment Allocation Policy.

SPC and its affiliates, senior management and employees may, and some do, carry on investment activities for their own account and for family members, friends or others who do not invest in the Funds, and give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

### **BROKERAGE PRACTICES**

SPC focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions. SPC can also distribute securities

to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although SPC does not intend to engage regularly in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If SPC sells publicly-traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by SPC. In selecting a broker to execute client transactions, SPC may consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; and (v) the financial strength of the broker.

SPC has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients.

Consistent with SPC seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although SPC generally does not make use of such services at the current time and has not made use of such services since its inception. To the extent that SPC allocates brokerage business on the basis of research services, it may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds’ interest in receiving most favorable execution.

SPC does not anticipate engaging in significant public securities transactions. To the extent that SPC engages in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. From time to time, SPC purchases or sells securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of SPC is favored over any other Fund.

When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Fund. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable to the Funds over time.

SPC’s policy is to allocate investment opportunities among its clients in a fair and equitable manner, consistent with its fiduciary obligations and underlying documents, if applicable, for the relevant party. As a general rule, SPC offers investment opportunities first to the Funds. To the extent the Funds do not fully subscribe to the investment opportunity, SPC may offer the opportunity to other clients, other parties with a relationship with SPC or unrelated outside parties.

SPC will determine, in its sole discretion, whether a party is eligible to participate in any co-investment opportunity and may also consider factors such as: expertise of the prospective party in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory and/or securities law considerations (e.g., qualified purchaser or qualified institutional buyer status); and other appropriate factors.

## **REVIEW OF ACCOUNTS**

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

SPC will generally provide to its limited partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company at least semi-annually.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

SPC and its affiliates provide certain business or consulting services to companies in a Fund's portfolio and receive compensation from these companies in connection with such services. As described in the Governing Documents, part of this compensation, in many cases, offset a portion of the Management Fees paid by a Fund. However, in other cases (*e.g.*, reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees (or reimbursements) are charged to the Funds in addition to Management Fees.

SPC or certain of its affiliates can receive certain non-investment advisory fees in connection with the Funds' investments and portfolio companies. For example, SPC receive (i) certain professional services or related fees from a portfolio company in connection with certain transactions (including acquisitions, dispositions and recapitalizations) and (ii) certain monitoring or consulting fees from a portfolio company for services provided to the portfolio company. A portion of such fees is generally offset against the Management Fee. SPC and its affiliates generally have discretion over whether to charge such fees or other compensation to a portfolio company and, if so, the rate, timing and/or amount of such fees or other compensation. The receipt of such compensation gives rise to conflicts of interest between the Funds, on the one hand, and SPC and its affiliates on the other hand.

Portfolio company-related fees can also include amounts prepaid in anticipation of future services or otherwise accelerated in certain situations (*e.g.*, an initial public offering), which will be offset against the applicable Management Fee to the extent set forth in the relevant limited partnership agreement. Furthermore, a Fund will, in most cases, only benefit with respect to its allocable portion of any such fee and not the portion of any fee allocable to another entity including, if applicable, other co-investors or co-investment vehicles.

From time to time, SPC may enter into solicitation arrangements pursuant to which it

compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. In the event SPC enters into such solicitation arrangements, it will comply with the requirements under the federal securities laws.

There are situations where co-investors in a portfolio company may also receive monitoring fees from the portfolio company. These fees are retained by the co-investor and not offset against the Management Fee.

## **CUSTODY**

SPC will not have physical custody of any client assets (except that SPC, in its sole discretion, may take physical custody of certain privately offered securities held by the Funds to the extent permitted by the Advisers Act). Nevertheless, SPC is deemed to have constructive custody of the assets of the Funds as a result of its position as an affiliate of the general partner of each Fund.

It is SPC's policy to cause each Fund with assets over which SPC is deemed to have "custody" to be audited annually and distribute audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Fund, SPC will obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Fund to all investors promptly after completion of the audit.

## **INVESTMENT DISCRETION**

SPC has discretionary authority to manage investments on behalf of the Funds. As a general policy, SPC does not allow clients to place limitations on this authority. Pursuant to the terms of the Organizational Documents, however, SPC may enter into "side letter" arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund may be altered or varied. SPC assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

## **VOTING CLIENT SECURITIES**

SPC has adopted Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for a Fund's portfolio investments. The Proxy Policy seeks to ensure that SPC votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. SPC generally believes its interests are aligned with those of a Fund's investors through their beneficial ownership interests in the Funds and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that SPC may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, a Fund's advisory board may approve SPC's vote in a particular solicitation. SPC does not consider service on portfolio company boards by SPC personnel or SPC's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by SPC when voting proxies on

behalf of a Fund. If you would like a copy of SPC's complete Proxy Policy or information regarding how SPC voted proxies for particular portfolio companies, please contact Virginia Calvo the Chief Compliance Officer of SPC, at (908) 719-2322, and it will be provided to clients at no charge.

### **FINANCIAL INFORMATION**

SPC does not require prepayment of management fees more than six months in advance or have any other events requiring disclosure under this item of the Brochure.