

**INVESTMENT ADVISER BROCHURE**

**MAINSAIL MANAGEMENT COMPANY, LLC**

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March 31, 2023**

**This Investment Adviser Brochure (“Brochure”) provides information about the qualifications and business practices of Mainsail Management Company, LLC (the “Management Company”). If you have any questions about the contents of this Brochure, please contact us at (512) 772-2260. 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 Management Company filed its most recent Form ADV Part 2A on March 30, 2022. This annual amendment updates the description of the business practices of the Management Company and its affiliates, and certain risks and potential conflicts of interest.

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## ADVISORY BUSINESS

The Management Company, a Delaware limited liability company and a registered investment adviser, and its affiliated investment advisers provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. The Management Company commenced operations in 2004.

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, the "**Funds**"):

- Mainsail Partners III, L.P. ("**Fund II**")
- Mainsail Partners IV, L.P. ("**Fund IV**")
- Mainsail Partners V, L.P. ("**Fund V**")
- Mainsail Partners VI, L.P. ("**Fund VI**")
- Mainsail Partners Executive Fund V, L.P. ("**Executive Fund V**")
- Mainsail Partners Executive Fund V, L.P. ("**Executive Fund VI**")
- Mainsail Co-Investors III, L.P. ("**MCOI III**")
- Mainsail Incentive Program, LLC ("**MIP**")
- Mainsail 3PL Holdings, L.P. ("**M3PL**")

The following general partner entities are affiliates of the Management Company:

- Mainsail GP III, LLC
- Mainsail GP IV, LLC
- Mainsail GP V, LLC
- Mainsail GP VI, LLC
- Mainsail 3PL Holdings GP, LLC

(each, a "**General Partner**" and collectively, together with any future affiliated general partner entities, the "**General Partners**." Mainsail Management Company, L.P. is a special purpose vehicle through which the Management Company provides advisory services and is under common control with the Management Company. The General Partners, Mainsail Management Company, L.P., together with the Management Company and their affiliated entities, "**Mainsail**").

Each General Partner is subject to the Advisers Act pursuant to the Management Company's registration in accordance with SEC guidance. This Brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Management Company.

The Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." Mainsail's investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Although investments are made predominantly in non-public companies, investments in public companies are permitted. From time to time, where such investments consist of portfolio companies, the partners and other personnel of Mainsail or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over management of portfolio companies in which the Funds have invested.

Mainsail's advisory services to the Funds are detailed in the relevant private placement memoranda or other offering documents (each, a "**Memorandum**"), limited partnership or other operating agreements or governing documents (each, a "**Partnership Agreement**" and together with any relevant Memorandum, the "**Governing Documents**") and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Funds (generally referred to herein as "**investors**" or "**Limited Partners**") participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; such arrangements generally do not and will not create an adviser-client relationship between Mainsail and any investor. The Funds or the General Partners have entered into side letters or other similar agreements ("**Side Letters**") with certain investors that have the effect of establishing rights under or altering or supplementing the terms (including economic or other terms) of, the Governing Documents with respect to such investors.

Additionally, from time to time and as permitted by the Governing Documents, Mainsail expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including other sponsors, market participants, finders, consultants, Extended Network Advisors (as defined below) and other service providers, Mainsail's personnel and/or certain other persons associated with Mainsail and/or its affiliates (*e.g.*, through MIP or another vehicle formed by Mainsail's principals to co-invest alongside the Funds' transactions). Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund's initial purchase. Where appropriate, and in Mainsail's sole discretion, Mainsail reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the

purchase price under certain conditions), and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2022, Mainsail managed \$2,331,050,759<sup>1</sup> in client assets on a discretionary basis. Mainsail is controlled by Gavin M. Turner indirectly through Mainsail Management Company Holdings, LLC.

## FEES AND COMPENSATION

In general, Mainsail receives a management fee (the “**Management Fee**”) and a carried interest in connection with advisory services. MIP and MCOI III do not pay a management fee and are not subject to a carried interest. Executive Fund V does not pay a management fee. Mainsail and/or its affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and such additional compensation offsets in whole or in part the management fees otherwise payable to Mainsail to the extent provided in the Governing Documents. Investors in a Fund also bear certain expenses.

### Management Fees

Management Fees paid by the relevant Funds to Mainsail are based upon a percentage of such Funds’ investor capital commitments (“**Commitments**”), subject to certain reductions, as more fully described in the Partnership Agreement of the applicable Fund. Fund I and Fund II no longer pay a Management Fee. The Management Fees for Fund III, Fund IV, Fund V, Fund VI Executive Fund VI and M3PL range from 1.00% to 2.25% of Commitments per annum, payable quarterly in advance. Such Management Fee generally will be payable until all portfolio investments are disposed of or completely written off or until Mainsail’s relationship to a Fund is terminated for other reasons. Upon certain events specified in the relevant Partnership Agreement, including expiration of a Fund’s investment period, the Management Fee will be reduced. Installments of the Management Fee Payable for any period other than a full semi-annual or quarterly period are adjusted on a *pro rata* basis according to the actual number of days in the period.

As is generally the case in private equity funds, the Governing Documents provide that a Fund’s Management Fees will be calculated and charged on a basis that generally is not tied to the Fund’s then-current net asset value. The Governing Documents generally provide that from the effective date of the relevant Fund until a date specified in the Governing Documents (generally representing the first Management Fee due date after the end of the Fund’s defined investment period), (the “**Stepdown Date**”), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund’s aggregate Commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions made (or with respect to certain Funds payable pursuant to capital call notices then issued or to be issued in the future to pay down Fund borrowings) to the relevant Fund that have not been disposed of or permanently written down.

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<sup>1</sup> Includes recyclable/recyclable capital as of 12/31/2022 for the applicable Fund(s).

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. However, where there has been a partial distribution, partial write down or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions relating to such investment, the Governing Documents do not require Management Fees after the Stepdown Date to be reduced. Following the Stepdown Date, the amount of Management Fees otherwise payable will be reduced in respect of a disposition or permanent write down only to the extent of such disposition or write down, subject to a limit based on the deficit, if any, of the fair market value of each relevant remaining investment as compared to the amount of total investment contributions relating to such investment.

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 any write downs (whether temporary or permanent), except in the case of investments permanently written down. Except where the Governing Documents expressly provide to the contrary, 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 fair value component of such post-Stepdown Date Management Fees 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 calculation 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.

To the extent provided in the applicable Governing Documents, Mainsail will be permitted to receive certain fees and other amounts from portfolio companies and/or the Funds. With respect to Fund III, after payment of out-of-pocket expenses, 50% of all financial advisory fees, consulting fees (excluding qualified consulting fees), finder, commitment or placement fees and directors' fees that are paid to or received by Mainsail GP III, LLC or its affiliates and termination or break-up fees received by Fund III will offset the Management Fee in the year received. A portfolio company's or prospective portfolio company's reimbursement of expenses, directors' fees and compensation for services paid to Extended Network Advisors and qualified consulting fees, do not offset or reduce the Fund III Management Fee. With respect to Fund IV, after payment of out-of-pocket expenses, 50% of all financial advisory fees, and similar fees, transaction fees, disposition fees, monitoring fees, consulting fees, finder fees, commitment fees, placement fees or directors' fees that are paid to or received by Mainsail GP IV, LLC or its affiliates and termination or break-up fees received by Fund IV, in all cases in excess of \$1,500,000 per year, will offset the Management Fee in the year received. A portfolio company's or prospective portfolio company's reimbursement of expenses, and compensation for services paid to certain Extended Network Advisors, do not offset or reduce the Fund IV Management Fee. With respect to Fund V and M3PL,

the Management Fee in each calendar year will be offset as set forth in the Governing Documents by an amount equal to 50% of any External Fees that are paid to or received by the relevant General Partner or its affiliates in such calendar year attributable to partners not designated as “affiliated partners” by the relevant General Partner; provided that the first \$1.5 million of External Fees (with respect to Fund V) and \$250,000 (with respect to M3PL) of the type described in clause (i) below that are paid to or received by the relevant General Partner or its affiliates in such calendar year shall not offset the Management Fee. With respect to Fund VI, the Management Fee in each calendar year will be offset as set forth in the Governing Documents by an amount equal to 80% of any External Fees that are paid to or received by Mainsail GP VI, LLC or its affiliates in such calendar year attributable to Partners not designated as “affiliated partners” by the General Partner; provided that the first \$5 million of External Fees of the type described in clause (i) of the definition of External Fees that are paid to or received by Mainsail GP VI, LLC or its affiliates in such calendar year shall not offset the Management Fee. “External Fees” generally include (i) directors’ fees, consulting fees, recruiting fees, talent fees, advisory fees or similar fees paid to the relevant General Partner with respect to the relevant Fund investments (including for assistance with respect to sales, marketing, finance and accounting, product management, engineering, technology development, technology implementation, customer success, operations, human resources, leadership, general management, acquisition integration/rationalization or similar services); (ii) transaction fees paid to the relevant General Partner with respect to the relevant Fund investments; and (iii) break-up fees with respect to the relevant Fund transactions not completed that are paid to the relevant General Partner, in each case net of certain expenses as set forth in the Governing Documents; but not including, in any event, (x) any amount received by the relevant General Partner, the Extended Network Advisors (as defined below) or any other person from a portfolio company (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company’s business, (C) as compensation for services provided by the relevant General Partner or other person as an employee of or in a similar capacity, including any full-time externship, secondment or similar arrangement, for such portfolio company (including reimbursement for any compensation, including any bonuses, and employee benefits provided by Mainsail) or (D) as compensation, including fees, incentive equity or other stock awards, for services rendered by any Extended Network Advisor to a portfolio company or prospective portfolio company or (y) any fees approved by the Limited Partner Advisory Committee, or “LPAC”. Payment by Mainsail of a sourcing bonus to a Mainsail employee, whether or not reimbursed by a Fund, does not offset or reduce the Management Fee. External Fees and other portfolio company fees described above will offset Management Fees only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not receive the benefit of such fees paid prior to the Fund’s acquisition of the relevant investment.

If the Fund and any other Fund or co-investor (including any third-party investors) invested or committed to invest in an investment or potential investment (including a transaction not consummated), any External Fees with respect to such investment or potential investment shall be allocated to the Fund (for purposes of calculating the Management Fee reduction described in “Fees and Compensation - Management Fees” above only to the extent of the Fund’s relative ownership (or anticipated ownership) of such investment or potential investment. Accordingly, the Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such External Fee and not the portion allocable to any other



such fund or entity that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment.

Additionally, as further described below and in the applicable Governing Documents of certain Funds, it is Mainsail's practice to retain certain Extended Network Advisors and utilize its Operations Team to provide services to (or with respect to) certain portfolio companies in which one or more such Funds invest. Extended Network Advisors generally receive compensation and other amounts described herein, but no such amounts will result in additional offsets to the Management Fee. Mainsail expects that compensation will be paid by portfolio companies and received by the Management Company with respect to services provided by the Operations Team, which will partially offset the Management Fee subject to the limitations set forth in the applicable Governing Documents.

Certain Governing Documents permit Mainsail to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Partnership Agreement as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Fund on such General Partner's behalf and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to a Fund. The Limited Partners of a Fund would, in such circumstances, be required to make a *pro rata* contribution according to their respective Commitments to fund any contribution that would otherwise be required of Mainsail in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by Mainsail and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in a Fund, resulting in a net additional benefit to Mainsail.

### **Carried Interest**

Mainsail receives a carried interest with respect to each Fund other than MIP and MCOI III generally equal to 20% of all realized profits, as more fully described in the Governing Documents. The carried interest distributed to Mainsail is subject to a potential clawback or giveback at the end of the life of each Fund if Mainsail has received excess cumulative distributions.

It is expected that any future Funds will have a similar compensation structure.

### **Other Information**

Mainsail is permitted to exempt certain "**affiliated partner**" investors in the Funds from payment of all or a portion of Management Fees and/or carried interest, including Mainsail and any other person designated by Mainsail. The General Partner reserves the right to make any such exemption from fees and/or carried interest by a direct exemption, a rebate by Mainsail and/or its affiliates, or through other Funds which co-invest with a Fund. For example, in instances where a Mainsail professional (or an affiliated entity thereof) invests in a Fund, such professional (or such affiliated entity) generally will be exempt from payment of the Management Fee and carried

interest with respect to such Fund. Additionally, to the extent permitted by the Governing Documents, Mainsail has the right to permit investors, affiliated with Mainsail or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees or carried interest.

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 Governing Documents, over the term of the relevant Fund, and investors generally are not permitted to withdraw or redeem interests in the Funds. Mainsail retains flexibility to structure its compensation from investors and is authorized in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account

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

In addition to the Management Fee and carried interest payable to Mainsail, each Fund bears certain expenses. As set forth in the Governing Documents, a Fund bears all fees, costs, expenses, liabilities and obligations relating to the Fund's (and its subsidiaries' and intermediate entities') activities, investments and business to the extent not reimbursed by a portfolio company or applied to reduce Management Fees, including: (i) activities with respect to the pursuing, seeking, structuring, organizing, investigating, studying, negotiating, consummating, evaluating, financing, refinancing, syndicating, conducting due diligence, (including any subscriptions to any periodicals, databases and/or research services) acquiring, bidding on, owning, managing, operating, holding, hedging, repositioning, monitoring (including monitoring the financial condition and other relevant operating performance metrics of investments), restructuring, recapitalizing, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the Fund's portfolio companies and its actual and potential investments (including follow-on investments and other transactions involving the deployment of Fund capital) or seeking to do any of the foregoing (including any associated legal, financing, banking, commitment, transaction, insurance premiums and fees, or other fees and expenses payable to attorneys, accountants, tax professionals, investment bankers, lenders, financing sources, expert networks, third-party diligence software and service providers, advisors, consultants, data providers and similar professionals in connection therewith and any fees and expenses related to transactions that may have been offered to co-investors), whether or not any contemplated transaction or project is consummated and whether or not such activities are successful; (ii) indebtedness of, or guarantees made by, the Fund, the Management Company, the General Partner or any "affiliated partner" on behalf of the Fund and/or involving any portfolio company (including any margin loan, credit facility, letter of credit or similar credit support or any indebtedness entered into pending participation by a co-investor in an investment), including the repayment of principal and interest with respect thereto, or evaluating, negotiating or conducting any other activities related to seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar activities; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker, finder and similar services (including any deal sourcing bonus payable to an employee of the Management Company with the title "Associate" or "Senior Associate"); (v) brokerage, sale, custodial, depository, (including any depository

appointed pursuant to Alternative Investment Fund Management Directive (“AIFMD”)), local representative and/or paying agent, trustee, record keeping, account, registered office and similar services; (vi) reporting, filings and other ongoing compliance requirements contemplated by the AIFMD or any similar law, rule or regulation (excluding, for the avoidance of doubt, the initial and/or preliminary registrations, filings and compliance obligations related thereto), including secondary legislation, regulations, rules and/or associated guidance, and any related requirements, including fees and costs of any third party service providers and professionals related to the foregoing; (vii) legal, accounting, research (including fees and expenses associated with multimedia, analytical, database, news or other third-party research services and subscriptions and related terminals for the delivery of such services), auditing, administration (including fees and expenses associated with any anti-money laundering laws and regulations and the Fund’s third-party administrator and administration, tracking or reporting software, if any), information, appraisal, advisory, valuation (including third-party valuations, appraisals or pricing services or software as well as costs related to the establishment or maintenance of such other services), consulting (including expenses incurred in connection with hiring consultants (e.g., headhunter fees, background checks or relocation expenses), consulting and retainer fees and other compensation paid to, and benefits provided to or on behalf of, the Extended Network Advisors, consultants performing investment initiatives or providing services related to environmental, social and governance considerations and policies and other similar consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (viii) reverse breakup, termination and other similar arrangements; (ix) insurance, including directors and officers liability, fidelity bond, representation and warranty, portfolio company management liability, property and casualty, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses (including costs related to any retention or deductibles and broker costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance; (x) filing, title, transfer, registration and other similar activities; (xi) printing, communications, mailing, courier, marketing and publicity; (xii) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s, or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis reports or other information reports, any reports to be filed with applicable commodities and/or trading commissions or regimes or any filings under applicable securities laws regimes), or other information, including fees and costs of any third-party service providers and professionals and any reporting software or service related to the foregoing; (xiii) developing, structuring, maintaining, operating and winding up administrative structures in non-U.S. countries that are put in place to facilitate the investment activities of the Fund (including the salary and benefits of any personnel reasonably necessary for the maintenance of such structures, other overhead, rent and similar costs in connection therewith); (xiv) compliance with any tax or financial account reporting regime, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information – Common Reporting Standard and any similar laws, rules and regulations, including any fees and costs of any third-party service providers and professionals related to the foregoing; (xv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative, monitoring or reporting tools (including subscription-based services) for the benefit of the Fund or the Limited Partners; (xvi) any activities

with respect to protecting the confidential or non-public nature of any information or data (including any costs incurred in connection with EU Data Protection Law, FOIA or any data protection and/or privacy laws, rules or regulations of any U.S. state or other jurisdiction); (xvii) to the extent provided in the Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the Advisory Committee (including any costs and expenses incurred by representatives of the General Partner, the Advisory Committee members, permitted observers and other persons in attending or otherwise participating in meetings of the Advisory Committee); (xviii) indemnification (including legal and any other fees, costs and expenses incurred in connection with indemnifying any Partner or other person pursuant to the Partnership Agreement and advancing fees, costs and expenses incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the Partnership Agreement), except as otherwise set forth in the Partnership Agreement; (xix) actual, threatened or otherwise anticipated governmental inquiry, examination, investigation, proceeding, litigation, mediation, arbitration or other dispute resolution process involving the Fund and/or its subsidiaries or portfolio companies, including the costs of any discovery related thereto and the amount of any judgment, fine, other award or settlement entered into and paid or payable in connection therewith, except to the extent such expenses or amounts have been determined to be excluded from the indemnification provided for in the Partnership Agreement; (xx) any annual, periodic or special meeting of the Partners and any other conference, meeting or webcast or other video conference with any Partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and the participation of service providers and other third parties), in each case to the extent incurred by the Fund, the General Partner or any other affiliate of the General Partner; (xxi) except as otherwise determined by the General Partner in its sole discretion, any fee, cost, expense, liability or obligation relating to any alternative investment vehicle (including its formation, operation, termination, dissolution, winding up, liquidation, structuring and restructuring) or its activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a Fund expense or organizational expense if it were incurred in connection with the Fund, and any expenses incurred in connection with the formation, management, operation, termination, winding up, liquidation, structuring, restructuring, and dissolution of any feeder vehicles related to the Fund to the extent not paid by the investors investing in such entities and any other costs related to any past or anticipated structuring or restructuring of the Fund and/or its subsidiaries or affiliated entities, any alternative investment vehicle, portfolio company or portfolio company of any alternative investment vehicle; (xxii) the termination, liquidation, winding up, structuring, restructuring or dissolution of the Fund, the General Partner and any entities owned directly or indirectly by the Fund (including portfolio companies) and related entities; (xxiii) defaults by partners with respect to the payment or timely payment of any capital contributions or other payment obligations; (xxiv) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the Fund, the General Partner, the Management Company and related entities and any alternative investment vehicle of the Fund, including the preparation, distribution and implementation thereof; (xxv) (A) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions or anti-terrorism considerations), including any legal, administrator, consulting or other third-party service provider costs related thereto, any regulatory costs of the General Partner or any of its affiliates incurred in connection with the operation of the Fund and

any costs related to compliance with any environmental, social or governance or other investment considerations and policies applicable to the Fund, the General Partner and/or any of their respective affiliates and/or (B) any costs related to the validation or other confirmation of any payments made to (or payment-related instructions received by) the Fund or the General Partner (including pursuant to or otherwise in connection with as a result of any anti-money laundering laws, rules or regulations); (xxvi) any third-party experts, including independent appraisers, engaged by the General Partner in connection with the Fund considering, making or holding an investment in the same entity as one or more other investment vehicles (other than the Fund) managed or controlled by the General Partner or any of its affiliates; (xxvii) unreimbursed costs and expenses incurred in connection with any transfer or proposed transfer by a Limited Partner or any Limited Partner's name change, internal restructuring or change in trust, registered agent or custodian; (xxviii) any taxes, fees and other governmental charges levied against the Fund and/or any alternative investment vehicle and all expenses incurred in connection with any tax audit, inquiry, investigation settlement or review of the Fund and/or alternative investment vehicle (except to the extent that the Fund is reimbursed therefor by a Partner and any cost of or related to the "partnership representative" of the Fund pursuant to the Partnership Agreement); (xxix) distributions to the Partners and other expenses associated with the acquisition, holding and disposition of the Fund's investments, including extraordinary expenses; (xxx) unreimbursed expenses and unpaid fees of the Extended Network Advisors; (xxxi) compliance or regulatory matters related to the Fund, except as set forth in the Partnership Agreement, including compliance with the Partnership Agreement and/or any side letter or similar agreement; (xxxii) amendments to, waivers, consents or approvals pursuant to, side letters and similar agreements with Limited Partners; (xxxiii) any industry conferences or other events with investment banks, broker/dealers and/or other industry participants attended by Management Company and/or portfolio company personnel; (xxxiv) any summit or meeting (whether in-person, telephonic or electronic) intended primarily for executives, officers and/or employees of portfolio companies held or conducted by the General Partner or any affiliate thereof, including the participation by service providers and other third parties; (xxxv) legal counsel, consultants and/or other services providers engaged to procure, develop, establish, review, revise, customize and/or negotiate a relationship relating to any of the foregoing items; (xxxvi) any travel (including the cost of chartering private aircraft at a cost above the cost of first class commercial airfare, provided that (A) the General Partner determines in good faith that health risks related to the COVID-19 pandemic remain material and (B) such private air travel (exclusive of any private air travel included in Organizational Expenses) does not exceed \$500,000 in a calendar year), other air travel, car or ride sharing services, other modes of transportation, lodging, gifts, mementos, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities (including closing dinners or similar events); (xxxvii) any organizational expenses; (xxxviii) any placement fees; and (xxxix) any other fees, costs, expenses, liabilities or obligations approved by the Advisory Committee. The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Mainsail and/or its affiliates. The foregoing shall be Fund expenses notwithstanding that they may be specially treated or excluded from being characterized as an expense under GAAP. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly and indirectly, than many other pooled investment products, such as mutual funds. As set forth in "Brokerage Practices," while Mainsail expects the Funds to primarily engage in private transactions, to the extent a Fund incurs brokerage fees, they will be borne by such Fund.

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

As described above, in certain circumstances, the relevant General Partner is expected to permit certain investors to co-invest in portfolio companies alongside one or more Funds, subject to Mainsail's related policies and the Governing Documents and/or Side Letter(s). Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the General Partner, ultimately is not consummated, the full amount of any fees and expenses generated in the course of evaluating any such proposed transaction generally would be borne by the Fund, and not by any potential co-investors that would have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such expenses.

Mainsail and/or its affiliates generally have discretion over whether to charge the fees discussed herein or other compensation to a portfolio company and, if so, the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation generally will give rise to potential conflicts of interest between the Funds, on the one hand, and Mainsail and/or its affiliates on the other hand.

### **Operations Team and Extended Network Advisors**

Additionally, Mainsail has created an operations team (the "**Operations Team**") comprised of persons that are employees of Mainsail or an affiliate primarily to provide assistance to portfolio companies with respect to recruiting and talent, sales, marketing, finance and accounting, legal product management, engineering, technology and product development, technology implementation, security, market research, pricing, customer success, operations, human resources, leadership (including as executives in residence and executive chairs), general management, acquisition integration/rationalization, board of directors services and other similar services. Mainsail expects that significant compensation will be paid by portfolio companies and received by Mainsail with respect to the services provided by the Operations Team (which compensation will partially offset the Management Fee subject to the limitations set forth in the applicable Partnership Agreement). It is also Mainsail's practice to retain or recommend that a Fund and/or its portfolio companies, as applicable retain or employ industry advisors and former executives, third party consultants (including external executives), Executives-in-Residence,

Advisory Council members, Executive Chairpersons and other professionals (“**Extended Network Advisors**”), which potentially will include affiliates of Mainsail, employees or former employees of such affiliates, portfolio companies of other funds managed by Mainsail or its affiliates. The Extended Network Advisors are expected to regularly provide services to, or in connection with, a Fund in relation to its activities, or to one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies. Such services include sales, marketing, finance and accounting, product management, engineering, technology and product development, technology implementation, security, market research, pricing customer success, operations, human resources, leadership (including as executives in residence and executive chairs), general management, acquisition integration/rationalization, board of directors services and/or other operations services, and include services of the type generally provided by the Operations Team. Any compensation, including fees, incentive equity, equity grants or other stock awards, and any reimbursement of certain travel and other costs, received by Extended Network Advisors is expected to be paid by a portfolio company or prospective portfolio company (which payments are not included as External Fees and will not otherwise offset or reduce the Management Fee) or directly by the Fund. Extended Network Advisors have invested and may also in the future invest in portfolio companies in which such persons have been, or are expected to be, involved. The use of the Operations Team and Extended Network Advisors subjects Mainsail to conflicts of interest, as discussed under “Risks of Investment – Operations Team and Extended Network Advisors” and “Conflicts of Interest” below.

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

As described under “Fees and Compensation,” Mainsail receives a carried interest allocation on certain realized profits in the Funds. Mainsail also manages MIP and MCOI III which are not charged carried interest. This could present a conflict of interest because Mainsail has an incentive to favor accounts for which it receives the highest performance-based compensation. Additionally, where Mainsail has Funds with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Mainsail personnel are assigned varying percentages of carried interest from the Funds, Mainsail and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. Mainsail seeks to address the potential for conflicts of interest in these matters with allocation practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by Mainsail or any personnel.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Mainsail 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.

## TYPES OF CLIENTS

Mainsail provides investment advice solely to its Funds, and references throughout this Brochure to “clients” and to Mainsail’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “**Investment Company Act**”). The investors participating in the Funds generally include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and from time to time include, directly or indirectly, principals or other employees of Mainsail and its affiliates and members of their families, Extended Network Advisors or other service providers retained by Mainsail.

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 of the related Fund.

Each of Fund II, Fund III and Fund IV generally had a minimum investment amount of \$2 million for third-party investors. Fund V and Fund VI generally had a minimum investment amount of \$5 million for third-party investors. Executive Fund V and Executive Fund VI generally had a minimum investment amount of \$100,000. Generally, investors must be “accredited investors” as defined under Regulation D of the Securities Act of 1933, as amended, and may also be required to be either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. Mainsail generally is permitted to waive such minimum investment amounts and qualification requirements in its sole discretion.

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

### General

Mainsail focuses on growth buyouts of “bootstrapped” lower middle market software companies. Mainsail defines the lower middle market as companies with annual revenues of at least \$5 million and enterprise values below \$100 million (and ideally below \$75 million). Mainsail seeks to make initial equity investments of \$20-60 million in majority, and in certain cases minority, equity positions with limited use of debt and strong governance and legal terms. Mainsail believes that the combination of this model investment structure with the quality of the target companies creates the opportunity for asymmetric reward for the risk taken by the Funds. Mainsail seeks to increase shareholder value through the active management and support of its portfolio companies led by the Operations Team. Mainsail places great importance on mitigating risk throughout the investment process by seeking to perform extensive due diligence, secure favorable deal structure and legal terms, and follow a consistent and disciplined investment strategy.



There can be no assurance that Mainsail will achieve the investment objectives of any Fund and a loss of investment is possible.

## **Investment and Operating Strategy**

Mainsail seeks to utilize the following methods of analysis and investment strategies when formulating investment advice or managing assets for the Funds:

- Capitalize on the Lower Middle Market Opportunity – Mainsail believes there exists a significant opportunity to invest in lower middle market software businesses that benefit from additional funding and the utilization of best practices to sustain or increase their growth rates. Mainsail believes that because these companies are smaller than those usually targeted by most private equity firms, there is generally less competition from professional investors, resulting in the potential for more attractive valuations and legal terms.
- Leverage Software Sector Expertise – Mainsail primarily targets investments in the software sector in the United States and Canada. Mainsail’s investment and operations principals have developed extensive knowledge in this sector through the course of Mainsail’s history, and through their years of experience before joining Mainsail.
- Target “Bootstrapped” Companies – Mainsail intends to target companies that have established operating histories, annual growth in revenues in excess of 30%, and strong gross margins of 60% or greater. Additionally, Mainsail intends to target companies that have grown to these levels without the use of external institutional financing (i.e., “bootstrapped”). Mainsail believes this characteristic is an indicator of a high-quality company with successful products, strong entrepreneurs, and favorable market dynamics.
- Adhere to Strict Investment Criteria – Mainsail believes that disciplined adherence to this strategy can result in investments with reduced risk and the potential for attractive returns. Mainsail strives to mitigate risk on a systematic basis throughout its investment process by conducting extensive due diligence, structuring its investments with senior preferred securities, utilizing limited leverage, securing board of directors representation, and ideally acquiring affirmative voting control of the company.
- Execute Proprietary Investment Sourcing Program – Mainsail believes it has built a robust direct origination program that is intended to generate attractive - and ideally proprietary - investment opportunities, while also generating real-time, valuable, and actionable market insights. Data and relationships created through the program are stored in a proprietary database that is used to drive Mainsail’s investment activity and data-driven decision making.
- Accelerate Growth through Sourcing and Executing Add-on Acquisitions – Mainsail utilizes its robust direct origination program to identify potential add-on acquisitions for its portfolio companies.
- Drive Shareholder Value Creation through Proactive Operational Involvement – Mainsail seeks to increase shareholder value through active involvement in each portfolio company in partnership with management. To help achieve this goal, Mainsail aims to support the

recruitment of the management team and the board of directors, marketing and sales program development, strategic planning, financial budgeting, technology implementation, corporate development and exit process management. Mainsail's Operations Team is purpose-built to assist the management teams of bootstrapped software companies with operational change.

- Exit into the more liquid Middle Market – Mainsail intends to seek liquidity for investors by having the Funds sell portfolio companies to strategic acquirers, private equity firms, and the portfolio companies of private equity firms, ideally at expanded multiples. Mainsail expects the significant amount of capital in the “middle market” to provide a liquid segment of the market for Mainsail to sell into at attractive exit valuations. Mainsail believes by growing companies into the well capitalized middle market, Mainsail expects there will be an opportunity to sell these businesses at higher valuation multiples than it paid upon its initial investment.

## **Risks of Investment**

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

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

*Future and Past Performance.* The performance of the General Partner's principals (the “**Principals**”) prior investments is not necessarily indicative of the Fund's future results. While the General Partner intends for the Fund to make investments that have estimated returns commensurate with the expected risks undertaken, there can be no assurances that the Fund will achieve its performance objectives. On any given investment, and on an overall basis, loss of principal is possible. Furthermore, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the Management Company. The Fund's investments may differ from previous investments made by the Management Company in a number of respects.

*SPAC Transactions.* The General Partner or one or more affiliates are authorized to fully or partially sponsor and/or control one or more SPACs as an outside business activity and/or for purposes of the Fund's investment.

Interests in a SPAC may include indirect ownership of “founder's shares,” warrants and/or other interests of a SPAC. The “founder's shares,” warrants and/or other interests will be allocated to the SPAC sponsor, such SPAC's management team and the General Partner (including certain of their respective partners). To the extent the Fund invests in the SPAC, the General Partner is not required to allocate all or any portion of such founder shares to the Fund but is permitted to do so in its discretion. In addition the Fund 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.

Each SPAC offered in the United States is expected to register its shares with the SEC in an initial public offering and use the funds raised in such offering to effect a business combination and operate thereafter as a public company. In connection with such transaction, a SPAC sponsor will reimburse the Management Company, the Fund and its/their affiliates (as applicable) for all or a portion of any fees, costs and expenses incurred in connection with the formation and organization of any SPAC, including any fees, costs and expenses incurred for a SPAC that fails to have an initial public offering. Because of the priority of reimbursement, the Fund may bear a disproportionate amount of such expenses in certain circumstances and, to the extent that the Fund wholly owns such SPAC sponsor, the Fund may bear all of such amounts.

The terms of any acquisition of interests in a SPAC are expected to be calculated shortly before the initial public offering of such SPAC. Following the initial public offering, the trading price of a SPAC's securities may materially increase or decrease, whether before or after a business combination, and none of the Fund, the General Partner, the Management Company or any of their respective affiliates will be able to control or predict the movement of such price.

In the event that a SPAC does not complete a business combination within the post-offering period set forth in its governing documents, the proceeds raised in the offering and held in trust are to be returned to the public shareholders. There can be no assurance or guarantee that any SPAC will be able to acquire an interest in any entity or consummate an investment, and in such case the SPAC sponsor (and, indirectly, the Fund (if applicable)) is not expected to receive a return of all amounts paid in connection with such SPAC. If, following a SPAC's initial public offering, the funds held in a SPAC's trust account are insufficient to allow it to operate until it consummates its initial business combination, a SPAC will depend on loans from a SPAC sponsor or its management team to fund its search for a business combination, to pay income taxes, if any, and to complete its initial business combination. If a SPAC sponsor loans such amounts to a SPAC, the Fund will bear a significant amount of any such loan and any related expenses to the extent that the Fund is participating in such SPAC. If such SPAC is unable to complete its initial business combination within a stipulated time period, it will be forced to cease operations and liquidate, and any loans it received (including indirectly from the Fund) will likely not be repaid.

In addition, SPACs are subject to rules and regulations by various governing bodies, including the SEC, which is charged with the protection of investors and the oversight of companies whose securities are publicly traded, and to new and evolving regulatory measures under applicable law. Compliance with new and changing laws and regulations may subject a SPAC to increasing general and administrative expenses and a diversion of management time and attention from seeking a business combination target. Moreover, these laws, regulations and standards are subject to varying interpretations, and their application in practice may evolve over time as new guidance becomes available. For example, the SEC recently issued guidance with respect to the accounting treatment of warrants that are issued in SPAC transactions, which has created uncertainty as to appropriate presentation and accounting for warrants, and has caused the delay of numerous SPAC transactions and business combination transactions. This evolution may result in continuing uncertainty regarding compliance matters, transaction delays and additional costs necessitated by ongoing revisions to SPAC accounting, disclosure and governance practices.

The SPAC sponsor and its affiliates (including affiliates of the Management Company) generally present to any SPAC, and a SPAC generally will pursue, and otherwise consummate, any investment opportunities deemed appropriate by a SPAC sponsor or any of its affiliates, in their sole discretion, including investment opportunities that may otherwise be appropriate for the Fund, although it is expected that a SPAC generally will seek investment opportunities requiring larger equity investments compared to investment opportunities that the Fund will typically pursue on its own. Allocating an investment opportunity to a SPAC instead of the Fund would result in the Fund losing an investment opportunity to such SPAC and could have an adverse effect on the Fund. Because each SPAC sponsor is expected to be under common control with the General Partner, in certain circumstances, the Management Company will be incentivized to allocate investment opportunities to a SPAC at the expense of the Fund. In addition, the Management Company personnel have the potential to face conflicts of interest in connection with sponsoring a SPAC outside the Fund related to their time and attention, economic incentives of the SPAC which may be greater than those of the Fund, strategic relationships and other benefits posed to the Management Company and/or its personnel related to sponsoring such SPAC and other factors.

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

*Concentration of Investments in the Software Sector.* The Fund's investments are generally concentrated in the software products and/or technology enabled services (collectively, "Software") sector. Concentration in a single sector may involve risks greater than those generally associated with a more diversified strategy, including significant fluctuations in returns. A number of factors contribute to challenging conditions for businesses in the Software sector, including: (i) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (ii) rapidly changing and difficult to predict market conditions and consumer preferences; (iii) short product life cycles; (iv) scarcity of and high demand for management, technical, scientific, research and marketing personnel with appropriate training; (v) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (vi) rapidly changing investor sentiments and preferences with regard to Software sector investments. Some or all of the Fund's portfolio companies will compete in this volatile environment, and such competition may result in significant downward pressure on the prices of such portfolio companies' products and/or services. As a result of the likely concentration of the Fund's investments in the Software sector, any instability, fluctuation or general decline in the Software sector will likely not be offset by investments in other industries not similarly affected.

If the Fund co-invests with another investment fund or investment vehicle (including any vehicle managed by the Management Company), a Limited Partner invested in such other investment vehicle would have exposure to a single investment through more than one fund, potentially increasing such Limited Partner's losses; conversely, the Fund would have less exposure than if the Fund did not co-invest, potentially diluting returns.

*Bridge Financings.* Certain Funds have and a Fund is authorized to in the future provide bridge financing to facilitate portfolio company investments as well as to support the operations of existing portfolio companies. It is possible that all or a portion of a bridge financing will not be

recouped within the time period specified in the Partnership Agreement, in which case the investment would be treated as a permanent investment of the Fund. As a result, the Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Fund's investment limitations, certain of which exclude bridge financing investments.

*Lack of Sufficient Investment Opportunities.* The success of the Fund and its ability to generate an acceptable rate of return will depend, in part, on its ability to identify and acquire the securities of attractive portfolio companies on favorable terms. The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. The Fund will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, special purpose acquisition companies (SPACs) and other private equity funds, investing directly or through affiliates. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Fund likely will be formed in the future by other unrelated parties. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the General Partner, the Fund and their respective affiliates.

In a highly competitive environment, valuations of potential target companies may rise to historically high levels as measured by multiples of revenue. The General Partner expects that competition for appropriate investment opportunities could increase, which could increase the likelihood that the Fund will participate in auctions for investments, the outcome of which cannot be guaranteed, thus reducing the number of investment opportunities available to the Fund and/or adversely affecting the terms upon which portfolio investments can be made.

To the extent that the Fund encounters significant competition for investments, returns to Limited Partners may be negatively affected. In addition, it is possible that the Fund will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the Commitments of the Limited Partners are invested, the Limited Partners will be required to bear Management Fees during the Investment Period based on the entire amount of the Limited Partners' Commitments as well as other expenses as set forth in the Partnership Agreement.

*Dynamic Investment Strategy.* While the General Partner generally intends to seek attractive returns for the Fund primarily through the investment strategy and methods described herein, the General Partner reserves the right to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the Partnership Agreement. The General Partner reserves the right to pursue investments outside of the industries and sectors in which Mainsail's principals and other personnel have previously made investments or have internal operational experience.

Lower Middle Market Companies. Investments in lower middle-market companies such as those that the Fund primarily invests in, while often presenting greater opportunities for growth, may also entail larger risks than are customarily associated with investments in larger companies. Small companies may have more limited product lines, markets and financial resources, and may be dependent on a smaller management group. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology than larger companies. In addition, future growth may be dependent on obtaining additional financing, which may not be available on acceptable terms when required. Further, there may be a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in small- and medium-sized companies specifically, could make it difficult for the Fund to react quickly to negative economic or political developments.

Impact of Government Regulation, Reimbursement and Reform. Certain industry segments in which the Fund may invest are (or may become) (i) highly regulated at both the federal and state levels in the United States and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Fund intends to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Fund invests.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Mainsail and the Fund. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact Mainsail and its affiliates, the Fund and/or its investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

Illiquidity; Lack of Current Distributions. An investment in the 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. While it may be possible for a portfolio company to be sold at any time, it is generally expected that such a sale will not occur until a number of years after the Fund's initial investment in such portfolio company, and the Fund generally will not be able to realize a profit on an investment in a portfolio company until its sale. Before such time, there may be no current return on such investment, and the expenses of operating the Fund (including the Management Fee) may exceed the Fund's income, thereby requiring that the difference be paid from the Fund's capital (including aggregate unfunded Commitments).

The Fund's ability to dispose of investments may be limited for several reasons, including the absence of an established market for such investments, as well as contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms upon which a disposition could be made. Any possibility of a disposition in the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which the Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors.

*Leveraged Investments; Borrowing.* The 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 the Fund's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The Fund's portfolio investments may involve varying degrees of leverage, as a result of which recessions, operating problems and other general business and economic risks may have a more pronounced effect on the profitability or survival of such companies. The cost and availability of leverage is highly dependent on the state of the broader credit markets, which may be impacted by regulatory restrictions and guidelines and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Fund will also result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. Moreover, any rise in interest rates generally will increase interest expense, causing losses and/or the inability to service debt levels. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System, the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt.

The use of leverage also 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 investments will increase the exposure of the 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 the Fund's investments in the leveraged portfolio investments in a down market. These risks generally are expected to increase as interest rates rise. In the event any portfolio investment cannot generate adequate cash flow to meet its debt service, the Fund may suffer a partial or total loss of capital invested in the portfolio investment as well as any guaranteed amounts, which could adversely affect the returns of the Fund. Additionally, lenders would typically have a claim that has priority over any claim by the Fund to the assets of such investment in an insolvency event or proceeding. Should the credit markets be limited or costly at the time the Fund determines that it is desirable to sell all or a part of a portfolio investment, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio investment is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the Fund will hold a larger than expected equity investment in such portfolio investment and could realize lower than expected returns from the portfolio investment that would adversely affect the Fund's ability to generate attractive returns for the Fund as a whole. Any failure by lenders to provide previously committed financing could also expose the Fund to

potential claims by sellers of businesses which the Fund may have been contracted to purchase. Moreover, the portfolio investments in which the Fund will invest generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, the 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.

The Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio investment's debt) or otherwise be liable therefore, and in such situations, it is not expected that the Fund would be compensated for providing such guarantee or exposure to such liability. Fund borrowing through a subscription-based credit facility, which poses additional risks and potential conflicts of interest as further described below. The Fund also reserves the right to have a portfolio company incur leverage through the use of the Fund's subscription line or otherwise to finance operations and/or add-on investments. Co-investors are expected to receive the benefit of such guaranty, although as co-investors typically do not agree to participate in guaranty arrangements in negotiating to participate in a transaction, co-investors are not expected to bear a commensurate percentage of potential liability. Any use of leverage by the Fund is likely to result in interest expense and other costs to the Fund that may exceed, or otherwise not be covered by, distributions made to the Fund or appreciation of its investments. The Fund is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other investment funds and/or other entities managed by or otherwise affiliated with the General Partner or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and, in connection with incurring such indebtedness, the General Partner is expected, in its sole discretion, to cause the Fund to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. However, it is possible that, if and when the Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In addition, to the extent the Fund incurs leverage or provides any guaranty, such amounts could be secured by the Fund's Commitments and other Fund assets. The inability of the Fund to repay any leverage secured by the Fund's Commitments could enable a lender to issue a capital call directly to the Fund's Limited Partners and require contributions to be made directly to the lender instead of the Fund. Additionally, the incurrence of leverage by the Fund or a flow-through entity for U.S. federal income tax purposes owned by the Fund may cause tax-exempt Partners to recognize "unrelated business taxable income" within the meaning of Section 512 of the Code ("**UBTI**").

***Subscription Lines; Asset-Backed Facilities; Fund-Level Borrowing.*** As indicated above, the Fund is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments and the payment of expenses). The Fund potentially also will seek to enter into one or more other types of revolving credit facilities (the collateral for which can be, for example, one or more assets of the Fund, i.e., asset-backed facilities). Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the General Partner's right to call capital from the Limited Partners, Limited Partners may be obligated to contribute capital directly to the Fund's lenders and/or contribute capital on an



accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

With respect to any asset-backed facility entered into by the Fund (or an affiliate thereof), a decrease in the market value of the Fund's investments would increase the effective amount of leverage and could result in the possibility of a violation of certain financial covenants pursuant to which the Fund must either repay the borrowed funds to the lender, which would, subject to any limitations set forth in the Partnership Agreement require investors to make additional capital contributions in respect of such borrowings, or suffer foreclosure or forced liquidation of the pledged assets. Liquidation of the Fund's investments at an inopportune time in order to satisfy such financial covenants could adversely impact the performance of the Fund and could, if the value of its investments had declined significantly, cause the Fund to lose all or a substantial amount of its capital. Moreover, if additional capital contributions were required to satisfy such financial covenants, this would effectively reduce the amount of capital available for other investments and potentially adversely affect the diversification of the Fund's portfolio. In the event of a sudden, precipitous drop in the value of the Fund's assets, the Fund might not be able to dispose of assets quickly enough to pay off its debt resulting in a foreclosure or other total loss of some or all of the pledged assets.

In addition, Fund-level borrowing will result in incremental Fund expenses that will be borne by the Limited Partners. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, including amendment fees as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility (and any amendments or renegotiation thereof). Because a subscription line's interest rate is based in part on the creditworthiness of the Limited Partners and the terms of the Partnership Agreement, it may be higher than the interest rate a Limited Partner could obtain individually. To the extent a particular Limited Partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even though it generally increases the Fund's reported net rates of returns. Calculations of internal rate of return in respect of the Fund as used in marketing and reported to Limited Partners are generally based on the payment date of capital contributions received from Limited Partners and not the date of an investment by the Fund. This treatment also applies in instances where the Fund utilizes borrowings under the Fund's subscription line in advance of receiving capital contributions from Limited Partners to repay any such borrowings and related interest expense. Conflicts of interest have the potential to arise in that the use of because a subscription line or similar borrowing or guarantees generally will result in a higher reported net internal rate of return than if the facility had not been utilized and instead such Limited Partners' capital had been contributed at or prior to the inception of an investment, thereby resulting in a benefit to the General Partner and its affiliates, but will in any event, decrease the aggregate amount returned to Limited Partners. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more affiliated funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, or results in short-term gains to a Fund. In other circumstances the use of Fund-level borrowing can increase the base

of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor Limited Partners generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities. Therefore, the Fund will likely be responsible for more than its pro rata share (based on ownership) of such guarantees or other financing arrangements.

A credit agreement frequently will contain other terms that restrict the activities of the Fund and the Limited Partners or impose additional obligations on them including limitations on the ability to otherwise incur indebtedness, financial covenants and asset level covenants in non-recourse financing. For example, a subscription line commonly imposes restrictions on the General Partner's ability to consent to the transfer of a Limited Partner's interest or imposes concentration or other limits on the Fund's investments. Further, such borrowings may limit the Limited Partner's ability to use their Limited Partner interest as collateral for other indebtedness. The Fund also generally may be limited in its ability to respond to changing operational circumstances with respect to an investment in ways it would have done had it not been subject to asset-level covenants. In addition, in order to secure a subscription line, the General Partner is often required to request certain financial information and other documentation from Limited Partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more Limited Partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to be subject to higher rates under a borrowing facility than are borne by the Fund or to additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partner to acquire investments on behalf of the Fund and pay Fund expenses without calling capital, potentially for extended periods of time (subject to limitations set forth in the Partnership Agreement). To the extent provided in the Partnership Agreement, any such borrowing may remain outstanding for such time as the General Partner deems appropriate (subject to limitations set forth in the Partnership Agreement), potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that may decrease net returns of the Fund. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse the Management Company for expenses incurred on behalf of the Fund. The Fund is also authorized to utilize Fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital,

including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment of the borrowing, the disposition proceeds would be applied to repay the borrowing (and related interest and expenses), and the net proceeds would be distributed to the Limited Partners without a preferred return accrual on the amount invested by the Fund (due to the absence of invested capital funded by Limited Partners) prior to the determination of carried interest distributions. Accordingly, borrowings by the Fund may support the distribution of proceeds to Limited Partners and increase the potential carried interest for the General Partner; however, the interest incurred by the Fund due to such borrowing would reduce such distributions and the carried interest received by the General Partner. Subject to the limitations in the Partnership Agreement, if any, this conflict of interest may incentivize the General Partner to fund the acquisition and ongoing capital needs of investments of the Fund and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never if principal and interest on such borrowings are repaid out of disposition proceeds).

Notwithstanding the foregoing, to the extent that the Fund is unable to obtain a credit facility, determines that the terms of such facility would not be appropriate for the Fund or otherwise determines not to use such facility or access to such facility otherwise becomes unavailable, the General Partner may determine to draw down capital contributions in advance and hold them in reserve in order to make investments and/or satisfy fees and expenses and other capital needs as such needs arise in the future.

*No Market for Limited Partner Interests; Restrictions on Transfer; No Right of Withdrawal.* Limited Partner interests in the Fund may not generally be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the General Partner, which may be withheld pursuant to the Partnership Agreement, and the volume of transfers permitted in any calendar year may be restricted in order to comply with certain safe harbors under the tax regulations promulgated under the Code. Voluntary withdrawals from the Fund will not be permitted except in very limited circumstances generally involving situations in which retaining an interest in the Fund would violate certain laws or regulations. In addition, interests in the Fund are not redeemable. There will be no public market for interests in the Fund, and none is expected to develop. Interests in the Fund have not been, and are not expected to be, registered under the U.S. Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder (the “**Securities Act**”), the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be re sold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration is available. Consequently, Limited Partners may not be able to liquidate their investments in the Fund prior to the end of the Fund’s life and should be prepared to bear the risks of an investment in the Fund for an extended period of time.

*Distributions in Kind.* Although, under normal circumstances, prior to the dissolution of the Fund, the Fund intends to make distributions in cash or marketable securities, it is possible that

under certain circumstances (including the winding up of the Fund), distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in kind. It may be difficult for Limited Partners to liquidate an investment received via an in kind distribution at an attractive price or within a desired time period, and significant administrative burden and cost may be involved. Following an in kind distribution by the Fund, in certain cases, some or all of the Partners in receipt of a distributed investment may determine to dispose of such investment within a short period of time, which could negatively impact the price of such investment. Limited Partners in receipt of a distributed investment will receive no guidance from the Fund or the General Partner with respect to when or how to dispose of such investment. The price at which distributed investments may be sold by Limited Partners may be lower than the value of such investments determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest accrued to the General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to lawsuits or taxes in jurisdictions in which such investments are located.

*Continuation Vehicles.* In certain cases, Mainsail has, and is permitted in the future, to provide an opportunity for Limited Partners to obtain liquidity with respect to all or a portion of their interests in a Fund, or with respect to their interests in particular portfolio companies, prior to the end of such Fund's term. In such situations, Mainsail typically expects to seek to raise capital from third parties as well as a Fund's Limited Partners who directly or indirectly acquire interests in one or more portfolio companies from such Fund, including through the creation of a new investment fund or similar continuation vehicle which would be advised by Mainsail, in which Mainsail invests, and from which Mainsail would receive fees and/or carried interest. Mainsail is permitted, but will not be obligated, to offer Fund Limited Partners an opportunity to invest in the relevant continuation vehicle by "rolling" their interest in the Fund and/or the underlying portfolio companies. Mainsail reserves the right to seek to require the new investors (including existing Fund Limited Partners) to make commitments to the continuation vehicle or a successor Fund advised by Mainsail, which generally reduces the purchase price new investors are willing to pay for the Fund's assets. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund assets being sold. Mainsail or its affiliates also have the ability to invest in any such continuation vehicle, including, but not limited to, through a rollover of its existing ownership interest and/or carried interest entitlement, including on a tax-free basis. Mainsail is expected to face conflicts of interest in such transactions including because Mainsail and/or its affiliates will have the opportunity to earn additional management fees and/or receive additional carried interest (in addition to any carried interest earned as a result of the sale of one or more portfolio companies by the original Fund to such new continuation vehicle) and other economic benefits in respect of such transactions, and because new investors potentially will make investments in other Mainsail vehicles. In addition, the terms of any continuation vehicle typically vary from those of an existing Fund, and any Limited Partners that "roll" their existing Fund interests will generally be subject to such new terms, which potentially will be less favorable. Mainsail is also expected to face potential conflicts in determining to pursue such transaction as opposed to other liquidity alternatives, and in determining the terms and eligible participants in connection with such transaction. Such transactions will likely present other additional inherent conflicts of interest.

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

*Reliance on the General Partner.* Limited Partners generally will have no right or power to take part in the management of the Fund, and the General Partner generally will control the operations of the Fund (including decisions with respect to structuring, negotiating, purchasing, financing and eventually divesting investments on behalf of the Fund). As a result, the performance of the Fund's investments will depend largely on the business and investment acumen of the Principals, and the loss or reduction of service of one or more of the Principals could adversely affect the Fund's ability to achieve its investment objectives. In addition, subject to the provisions in the Partnership Agreement, the principals currently, and are expected to in the future, manage or advise other investments and/or investment funds other than the Fund, and the principals may need to devote substantial amounts of their time and attention to the investment activities of such other investments and/or funds, which is expected to pose potential conflicts of interest to arise. In addition, certain changes in the General Partner or circumstances relating to the General Partner (such as personnel changes, including the promotion or retirement of individuals in senior management roles) may have an adverse effect on the Fund or one or more of its portfolio companies (including acceleration of potential debt facilities). Furthermore, there can be no assurance that the Fund's investments will achieve results similar to those attained by previous investments of the principals. In addition, the Fund's investments may differ from previous investments made by the principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular portfolio company, types of portfolio companies within a particular industry sector, amount of leverage used, structure and holding period.

*Reliance on Portfolio Company Management.* The success of many of the Fund's portfolio companies will be heavily dependent on the management of such portfolio companies. In general, the management team of each portfolio company will be responsible for its day-to-day operations. Additionally, the General Partner generally will establish the capital structure of the Fund's portfolio companies on the basis of financial projections, which will be based in significant part on input from portfolio company management teams. Although the General Partner will be responsible for monitoring the performance of each portfolio company, and the Fund generally intends to invest in portfolio companies with strong management or otherwise recruit strong management to its portfolio companies, there can be no assurance that a portfolio company's management team will be able or willing to successfully operate a portfolio company in accordance with the Fund's objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams. The General Partner expects that the market for executive talent is likely to be extremely competitive. There can be no assurance that the management team of a portfolio company in place on the date of the Fund's investment in such

portfolio company will remain the same or continue to be affiliated with such portfolio company throughout the period in which such portfolio company is held by the Fund. There can be no assurance that any portfolio company will be able to attract, develop, integrate and retain suitable members of its management team, and, as a result, the Fund may be adversely affected thereby.

*Risks in Effecting Operating Improvements.* The success of the Fund's investment strategy is likely to depend, in part, on the ability of the General Partner to assist in sustaining the growth rates of, and/or effecting improvements in, the operations of certain portfolio companies. Identifying and implementing operational improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key portfolio company personnel and disrupt normal business. There can be no assurance that the General Partner will be able to successfully assist in sustaining growth rates and/or identifying and implementing operational improvements.

Additionally, it is expected that the Operations Team and the Extended Network Advisors will provide assistance to one or more portfolio companies. The General Partner and its affiliates exercise discretion over the allocation of Operations Team time and attention and recommendations of Extended Network Advisors, which time and attention and recommendations, as applicable, generally will not be focused evenly across the Fund's portfolio companies, or across the portfolio companies of the Fund and those of other funds managed by the General Partner or its affiliates. There can be no assurances that any assistance provided by the Operations Team or the Extended Network Advisors will have the intended impact or improve the performance of any portfolio company, and portfolio companies that receive less Operations Team and Extended Network Advisor time and attention relative to other portfolio companies may not have similar performance improvements.

*Uncertainty of Projections.* The Fund may use financial projections to help analyze a potential investment, future capital raises and financing for portfolio companies, or for other transactions. In general, projected operating results of a portfolio company will be based primarily on financial projections prepared by such portfolio company's management, with adjustments to such projections made by the General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from a portfolio company and third parties and assumptions made at the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. There can be no assurance that the results set forth in any projections will be attained, and actual results may differ significantly from projections.

*Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities.* Numerous jurisdictions have enacted, or have committed to enact, legislation and administrative guidance requiring the collection and sharing of certain information in order to combat tax avoidance. The U.S. Foreign Account Tax Compliance Act ("FATCA") aims to combat tax evasion by U.S. tax residents using foreign accounts. It imposes withholding taxes in certain circumstances and requires financial institutions outside the United States to collect and share information about their U.S. customers. In addition, the Organisation for Economic Co-operation and Development ("OECD") has published a global Common Reporting Standard for

the exchange of information pursuant to which many countries have now signed multilateral agreements. One or more of these information exchange regimes are likely to apply to the Fund and/or alternative investment vehicles and may require the General Partner to collect and share with applicable taxing authorities information concerning Limited Partners (including identifying information and amounts of certain income allocable or distributable to them). A Limited Partner's failure to provide required information may result in withholding taxes, government-imposed penalties, expulsion from the Fund and/or alternative investment vehicles or other potential remedies.

*Tax Liability Considerations.* The Fund may take positions with respect to certain tax issues that depend on legal and other interpretive conclusions. Should any such positions be successfully challenged by a taxing authority, a Limited Partner might be found to have a different tax liability for that year than that reported on its tax returns. In addition, a taxing authority's review of the Fund may result in a review of the returns of some or all of the Limited Partners, which examination could result in adjustments to the tax consequences initially reported by the Fund and affect items not related to a Limited Partner's investment in the Fund. If such adjustments result in an increase in tax liability for any year, the Fund or one or more of the Limited Partners may also be liable for interest and penalties with respect to the amount due. The legal and accounting costs incurred in connection with any taxing authority's review of the Fund's tax returns will be borne by the Fund. The cost of any review of a Limited Partner's tax return will be borne solely by the Limited Partner. The taxation of partnerships and partners is complex. Prospective Limited Partners are strongly urged to review applicable disclosure and to consult their own tax advisors.

*Conflicting Investor Interests.* Limited Partners are likely to have conflicting investment, tax, and other interests with respect to their investments in the Fund, including conflicting interests that relate to the structuring and timing of investment acquisitions and dispositions. As a consequence, conflicts are likely to arise in connection with decisions made by the General Partner regarding investments that are expected to be more beneficial to certain Limited Partners than to others, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partner generally will consider the investment, tax and other relevant objectives of the Fund and the Partners as a whole, rather than the investment, tax or other objectives of any individual Limited Partner. Additionally, the General Partner is authorized to elect to exclude certain Limited Partners from particular investments for legal, tax, regulatory, accounting or other reasons applicable to any such investment, in which case non-excluded Limited Partners will be allocated a greater proportionate interest in such investment. It is also possible that the Fund or the portfolio investments will be counterparties or participants in agreements, transactions, or other arrangements with a Limited Partner or an affiliate of a Limited Partner. Such transactions have the potential to include agreements to pay performance fees to service providers affiliated with Limited Partners in connection with the investment therein, which will reduce the Fund's returns and will not necessarily be subordinated to the return of the Limited Partner's capital contributions. Such Limited Partners described in the previous sentences may therefore have different information about the General Partner and the Fund than Limited Partners not similarly positioned. In addition, potential conflicts of interest will arise in dealing with any such Limited Partners, and the General Partner and its affiliates will not always be motivated to act solely in accordance with its interest relating to the Fund. Similarly, not all Limited Partners monitor their investments in vehicles such as the Fund in the same manner. For example, certain

Limited Partners may periodically request from the General Partner information regarding the Fund and its investments that is not otherwise set forth in (or has yet to be set forth) in the reporting and other information required to be delivered to all Limited Partners. In such circumstances, the General Partner is permitted to provide such information to such Limited Partner, which does not mean the General Partner will be obligated to affirmatively provide such information to all Limited Partners (although the General Partner will generally provide the same information upon request and treat Limited Partners equally in that regard). As a result, certain Limited Partners may have more information about the Fund than other Limited Partners, and the General Partner will have no duty to ensure all Limited Partners seek, obtain, or process the same information regarding the Fund and/or its investments.

*Environmental, Social and Governance (“ESG”) Regulatory Risks.* The Management Company maintains an ESG Policy (the “**ESG Policy**”) and intends to apply the ESG Policy to the Fund’s investment activities. Depending on the investment, certain ESG factors, such as environmental risks and incidences, workplace safety and diversity, could have a material effect on the return and risk of the investment. The act of selecting and evaluating material ESG factors is subjective by nature, and there is no guarantee that the criteria utilized or judgment exercised by the General Partner or any judgment exercised by the General Partner will reflect the beliefs or values of any particular Limited Partner or align with the practices or interpretations of other asset managers or with market trends. The ESG Policy may cause the Fund not to make an investment that it would have made or to make a management decision with respect to an investment differently than it would have made in the absence of its ESG Policy. Additionally, ESG factors are only some of the many factors the General Partner may consider in making an investment, and there is no guarantee that the General Partner will make investments in companies that create positive ESG impact or that consideration of ESG factors will enhance long-term Limited Partner value and financial returns. The Management Company cannot guarantee that its ESG Policy will positively impact the financial or ESG performance of any individual investment or the Fund as a whole.

Further, ESG integration and responsible investing practices as a whole are evolving rapidly and there are different frameworks, methodologies, and tracking tools being implemented by other asset managers. Therefore, the Management Company’s approach to ESG integration, including to the extent the Fund engages with portfolio investments on ESG-related practices and potential enhancements thereto, may not align with the approach used by other asset managers or preferred by prospective investors or with market trends. Successful engagement efforts on the part of the General Partner will depend on the General Partner’s skill in properly identifying and analyzing material ESG and other factors and their value, and there can be no assurance that the strategy or techniques employed will be successful. In addition, the General Partner’s ESG programs and policies may change over time. It is possible that market dynamics or other factors will make it impractical, inadvisable or impossible for the Management Company to adhere to all elements of the General Partner’s investment strategy, including ESG considerations, whether with respect to one or more individual investments or to the Fund’s portfolio generally. Similarly, in evaluating a company, the General Partner often depends upon information and data provided by the company or obtained via third-party reporting or advisors, which may be incomplete or inaccurate and could cause the General Partner to incorrectly assess the company’s ESG practices and/or related risks and opportunities.



Finally, there is also growing regulatory interest, particularly in the U.S., the UK and the EU (which may be looked to as models in growth markets), in improving transparency around how asset managers and companies define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. The Fund's ESG program could become subject to additional regulation in the future (including pursuant to the various legislative initiatives stemming from the action plan on sustainable finance adopted by the EU Commission in March 2018 or other regulatory developments), and the Fund cannot guarantee that its current approach will be able to comply with future regulatory requirements or best practices. The Management Company could become subject to additional regulation in the future, which could result in significant costs, potential liabilities and operational and legal obligations.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* Certain media, regulatory and political discourse has been and continues to be focused on enhancing governmental scrutiny of and/or increasing regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Fund's activities, including the ability of the Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such discourse and the negative public perception of alternative asset managers (including private equity firms) may negatively impact the Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competitors outside of the alternative asset space. As a result, the Fund may make fewer investments, incur greater expenses or delays in completing or exiting investments, and/or realize lower proceeds on the disposition of investments than it otherwise would have. Moreover, any such enhancement of scrutiny or increase in regulation may adversely impact the Fund's activities (including the Fund's ability to implement portfolio company operating improvements, comply with applicable law and regulation in a manner not materially more burdensome than currently anticipated, or otherwise execute its investment strategy or achieve its investment objectives). In particular, the Fund may be required to incur additional costs and expenses in implementing structural changes in the conduct of the Fund's business, including to establish greater presence in certain jurisdictions in which the Fund invests or proposes to invest, and the Fund also may become directly or indirectly subject to additional tax liabilities (for example through restrictions on or denial of the deductibility of interest expenses against taxable profits). The foregoing may make it less attractive or impractical to continue to invest in one or more jurisdictions. Additionally, such additional scrutiny may divert the General Partner's and the Principals' time, attention and resources from portfolio management activities.

In addition, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Mainsail and the Fund. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Mainsail cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect the Fund or its investments, including with respect to future administrative burdens and costs. Any such changes are expected to materially impact Mainsail and its affiliates, the Fund and/or its investments, as well as

increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Fund.

*Data Protection Compliance.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations (“**Privacy Laws**”) in the United States, Europe and elsewhere could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of the Management Company, the General Partner, the Fund and/or its portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Management Company, the General Partner, the Fund and/or its portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include the Management Company, the General Partner, the Fund and/or its portfolio companies

*Cyber Security Breaches and Identity Theft.* Cyber-attacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners, may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. The General Partner, the Management Company, the Fund’s service providers and its portfolio companies’ information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses; infiltration by unauthorized persons and security breaches; and other disruptive behavior including denial-of-service attacks. Furthermore, the General Partner, the Management Company, the Fund’s service providers and its portfolio companies may be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes.

The General Partner, the Management Company, the Fund’s portfolio companies, the Fund’s service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats or risks that could adversely affect the Fund and the Limited Partners, despite efforts to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Fund and the Limited Partners. For example, unauthorized third parties may

attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the General Partner, the Management Company, the Fund's portfolio companies, the Fund's service providers, counterparties, or data within these systems, including through phishing or ransomware attacks. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers, or other users of the General Partner's or the Management Company's systems to disclose sensitive information in order to gain access to the General Partner's data or that of the Management Company or the Limited Partners (including Limited Partner account and wire instructions). Similarly, third parties may attempt to fraudulently issue capital call notices or other requests to Limited Partners that purport to come from the General Partner or the Management Company, and/or induce Limited Partners to disclose wire and account information. To the extent that the General Partner, the Management Company, the Fund or a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such entity would be subject to substantial losses in the form of stolen, lost, or corrupted (i) customer data or payment information; (ii) customer or company financial information; (iii) software, contact lists, or other databases; (iv) proprietary information or trade secrets; or (v) other items. In certain events, a failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. The use of internet or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of such circumstances could subject the General Partner, the Management Company, a portfolio company, or the Fund to 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.

If any technology or security systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partner, the Management Company, the Fund and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the General Partner's, the Management Company's, the Fund's and/or a portfolio company's operations, including the ability to make distributions to Limited Partners, and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partner's, the Management Company's, the Fund's and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims (from an individual or a governmental body) or otherwise affect their business and financial performance. In addition, the General Partner's, the Management Company's, the Fund's and/or a portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates for incurred liabilities.

United Kingdom ("UK") Exit from the European Union (the "EU"). The UK formally left the EU on January 31, 2020 ("**Brexit**"), and entered a transition period which ended on December 31, 2020. During this transition period, the majority of existing EU rules continued to apply in the UK. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms

similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

As a result of the onshoring of EU legislation in the UK, UK firms are currently subject to many of the same rules and regulations as prior to Brexit. However, the UK government has stated its intention to recast onshored EU legislation as part of UK legislation and regulation, which could result in substantive changes to regulatory requirements in the UK. It remains to be seen to what extent the UK may elect to implement or mirror future changes in the EU regulatory regime, or to diverge from the current EU-influenced regime over time. It is possible that the EU may respond to UK initiatives by restricting third-country access to EU markets. If the regulatory regimes for EU and UK financial services change or diverge further, this could have an adverse impact on any Fund and its investments, including the ability of a Fund to achieve its investment objectives in whole or in part (for example, owing to increased costs and complexity and/or new restrictions in relation to cross-border access between the EU and non-EU jurisdictions). There can be no assurance that any renegotiated laws or regulations will not have an adverse impact on the Fund and its investments, including the ability of a Fund to achieve its investment objectives.

The legal, political and economic uncertainty generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including Mainsail and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

*Russia-Ukraine Conflict.* The ongoing military conflict between Russia and the Ukraine, has caused disruption to global financial systems, trade and transport, among other things. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict could have an adverse impact and result in losses to the Funds. This impact could include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It could also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (military or otherwise) could cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect the Fund's ability to fulfill its investment objectives.

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

*Recycling; Reinvestment.* The General Partner generally has the right to recall certain capital returned or distributed by the Fund to the Partners, including to make additional investments, as further set forth in the Partnership Agreement. Accordingly, during the term of the Fund, a Partner may be required to make capital contributions in excess of its Commitment (with certain limitations), and to the extent such recalled or retained amounts are reinvested in investments, a Partner will remain subject to investment and other risks associated with such investments.

*Non-U.S. Investments.* The Fund may, subject to certain limitations set forth in the Partnership Agreement, invest in portfolio companies that are organized, headquartered and/or have substantial sales or operations outside of the United States, its territories, and possessions. The Fund may also invest in portfolio companies with subsidiaries and operations based outside of the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of the 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 the Fund and/or the Partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the Partners.

Additional risks of non-U.S. investments include: (i) economic dislocations in the host country; (ii) less publicly available information; (iii) less well-developed and/or more restrictive laws, regulations, regulatory institutions and judicial systems; (iv) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (v) civil disturbances; (vi) government instability; and (vii) 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.

*Significant Adverse Consequences for Default.* The Partnership Agreement provides for significant adverse consequences in the event that a Limited Partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the Fund, a defaulting Limited Partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest. Whether and how to exercise the General Partner's remedies against a

defaulting Limited Partner will be in the discretion of the General Partner, and the General Partner may require the non-defaulting Limited Partners to contribute capital to the Fund to make up for the shortfall created by such defaulting Limited Partner.

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

*Transfer by General Partner.* To the extent the General Partner, its members, the Mainsail principals and/or their respective affiliates commit to make a direct or indirect investment in or along-side the Fund, a participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreement.

*Public Company Holdings.* The Fund's investment portfolio may contain securities and debt issued by publicly held companies. Such investments may subject the Fund to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Fund to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executive board and board members, including in those cases in which the Fund has a board representative, the Principals, and increased costs associated with each of the aforementioned risks.

*Distressed Investments.* The Fund may invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that the General Partner will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization or liquidation of such company. Therefore, in the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, the Fund may lose some or all of its investment or may be required to accept illiquid securities with rights that are materially different than the original securities in which the Fund invested.

*Non-controlling Investments.* The Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Fund at times may hold minority equity stakes of any size such as might occur if the Fund takes a portfolio company public or sells a controlling interest in a portfolio company while retaining a minority interest. As is the case with minority holdings in general, such minority stakes that the Fund may hold will have neither the control characteristics

of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even if the Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

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

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies; Expedited Transactions.* Before making an investment, the General Partner will generally conduct such due diligence as it deems reasonable and appropriate based on the known facts and circumstances applicable to such investment. Due diligence may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto, and the General Partner may rely on the advice received from such third parties. Such involvement of third-party advisors or consultants may present a number of risks primarily relating to the General Partner's reduced control of the functions that are outsourced. In addition, if the General Partner is unable to timely engage third-party providers, its ability to evaluate and acquire more complex targets could be adversely affected. Investment analyses and decisions by the General Partner will often be undertaken on an expedited basis in order for the Fund to compete for investment opportunities and/or consummate investments. In such cases, the information available to the General Partner at the time of an investment decision may be limited, and the General Partner may not have access to the detailed information necessary for a full evaluation of an investment opportunity. The due diligence investigation carried out with respect to any investment opportunity may not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital. Further, the General Partner's or its service providers' ability to conduct due diligence likely will be limited during COVID-19 or similar events, which would increase the foregoing risks. In some cases, it is possible that the Fund will conduct less diligence or have access to less information.

There can be no assurance that the Fund will be able to detect or prevent irregular accounting, employee misconduct or other fraudulent practices during the due diligence phase or during its efforts to monitor the portfolio investments on an ongoing basis. Conduct occurring at portfolio investments, even activities that occurred prior to the Fund's investment therein, could have an adverse impact on the Fund. In the event of fraud or other criminal behavior by any

portfolio investment or any of its affiliates, the Fund may suffer a partial or total loss of capital invested in that portfolio investment. In addition, investments are subject to the possibility of material misrepresentation or omission on the part of the portfolio investment or the seller. Such inaccuracy or incompleteness may adversely affect the value of the Fund's securities and/or other instruments issued by such portfolio investment. Where applicable, the Fund will rely upon the accuracy and completeness of representations and warranties made by portfolio investments and/or such portfolio investments' former owners to the extent reasonable when it makes its investments, but cannot guarantee such accuracy or completeness. Moreover, the Fund may have limited or no recourse in the event of a material breach of such representations and warranties, particularly if the portfolio investment was a public company.

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

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

*Advisory Committee.* The General Partner will appoint one or more Limited Partner representatives to the Advisory Committee, which has the ability to review and waive compliance with certain provisions of the Partnership Agreement, including resolving potential conflict of interest situations, and whose approval is required or may be requested in certain circumstances under the Partnership Agreement, including certain approvals or consents required by U.S. federal securities laws. Pursuant to the terms of the Partnership Agreement, all Limited Partners are bound by the determinations of the Advisory Committee, regardless of whether a Limited Partner is represented by a member of the Advisory Committee. The Partnership Agreement provides that to the fullest extent permitted by applicable law, none of the Advisory Committee members shall owe any fiduciary duties to the Fund or any other Partner. In addition, members of the Advisory Committee are expected to have various business and other relationships with the General Partner and/or its partners, employees, members, officers and affiliates. Any such relationships may influence their decisions as members of the Advisory Committee. To the extent members of the Advisory Committee vote regarding conflicts or otherwise participate in matters involving a vote or action, such members may not vote solely in accordance with their interests related to the Fund and may vote in a manner that is beneficial to such members' other interests at the expense of the Fund. Such members are unrestricted from voting and have the potential to affirmatively vote in a manner that is in their own interest and adverse to the interest of other Limited Partners. Finally, Advisory Committee members may choose to abstain from voting on certain issues, which means that certain votes and issues could be decided only by non-abstaining members and less than a complete group of Advisory Committee members.



*Fees and Expenses.* The Fund will pay and bear all expenses related to its operations, including the Management Fee and the costs of holding, monitoring, maintaining and disposing of investments in portfolio companies, including investment banking fees and consulting fees, whether or not the Fund makes any profits. While it is difficult to predict the future expenses of the Fund, such expenses may be substantial and may surpass the Fund's operating income. In addition, such expenses will reduce the actual returns realized by Limited Partners on their investments in the Fund and may, under certain circumstances, reduce the amount of capital available to be deployed by the Fund for investments. Such expenses include recurring and regular items, as well as extraordinary items for which it may be difficult to budget or forecast. In addition, Fund expenses include fees, costs and expenses related to the Operations Team, Extended Network Advisors and other service providers. The Management Company will allocate fees and expenses in a manner it believes in good faith to be fair and equitable, but in its sole discretion. The allocation potentially will not be proportional as certain funds managed by the Management Company have different expense reimbursement terms, including with respect to management fee offsets, and the Management Company potentially will have a financial incentive to favor allocations that may benefit itself. As a result, the aggregate amount of such expenses over the life of the Fund and/or the amount called at any one time by the General Partner in respect of such expenses may exceed expectations. The Fund also will bear fees and expenses indirectly to the extent a portfolio company (or intermediate entity) pays fees and expenses, and the General Partner reserves the right to charge fees and expenses to portfolio companies, capitalize fees and expenses into the cost basis of a transaction, or to the extent necessary or desirable for operational, administrative, tax or other reasons, charge fees and expenses at the level of an intermediate holding company between the Fund and the portfolio company.

*Changes in U.S. Tax Law.* All statements contained herein concerning the U.S. federal income tax (or other tax) consequences of an investment in the Fund are based on existing law and interpretations thereof. Recent and future changes in U.S. federal income tax law could materially affect the tax consequences of a Limited Partner's investment in the Fund, and the tax treatment of the Fund's portfolio companies. While some of these changes could be beneficial, others could negatively affect the after-tax returns of the Fund and the Limited Partners. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment in the Fund, or of investments made by the Fund, will not be modified by legislative, judicial, or administrative changes, possibly with retroactive effect, to the detriment of the Limited Partners.

*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, the Management Company, or the General Partner, who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This

creates potential incentives for Mainsail 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.

U.S. Federal Income Tax Liability Resulting from IRS Audits. U.S. federal income taxes arising from a U.S. Internal Revenue Service (“IRS”) audit will be paid by the Fund absent an election to the contrary. In addition, a “partnership representative” (and an individual person appointed by the Fund under applicable rules (the “designated individual”)) will have the power to act on behalf of the Fund and its Partners in all IRS audits and other proceedings involving the Fund’s U.S. federal income, loss, deductions, and credits. The designated individual will be indemnified and held harmless to the extent provided under the Partnership Agreement. Similar rules may apply with respect to tax audits by certain state taxing authorities.

Delayed Tax Information. The Fund may not be able to provide final tax filing information to Limited Partners for any given fiscal year until after the initial tax filing deadlines for Limited Partner tax returns. Accordingly, Limited Partners should plan to obtain extensions of the filing dates for their income tax returns. Each prospective investor should consult with its own adviser as to the advisability and tax consequences of an investment in the Fund.

LIBOR, and Other Benchmark Interest Rates. To the extent that a Fund’s investments, borrowing facilities, hedging activities, or other assets or structures are tied to interest rates based on the London Interbank Offered Rate (“LIBOR”) or other benchmark or reference rates (each, a “Benchmark Rate”), the Fund may be subject to certain material risks, including the risk that a Benchmark Rate is terminated, ceases to be published or otherwise ceases to be broadly used by the market. Regulators, central banks, governments and other market participants are working to facilitate the transition of existing instruments and contracts away from LIBOR to new Benchmark Rates, and any such transition includes the potential to: increase volatility or illiquidity in markets; cause delays in or reductions to financing options for the Funds and their portfolio companies; increase the cost of borrowing; reduce the value of certain instruments or the effectiveness of certain hedges; cause uncertainty under applicable legal documentation; or otherwise impose costs and administrative burdens relating to factors that include document amendments and changes in systems. Future transitions to and from Benchmark Rates have the potential to have similar effects.

Uncertain Economic, Social and Political Environment. Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises or other sources of political, social or economic change or unrest. A rapid or significant erosion of confidence may result in a deterioration of credit markets and/or lead to or extend a localized or global economic downturn. Furthermore, such confidence may be adversely affected by local, regional or global health crises, including, but not limited to, the rapid and pandemic spread of novel viruses commonly known as SARS, MERS and COVID-19. Such health crises could exacerbate potential, social and economic risks previously mentioned and result in significant breakdowns, delays and other disruptions on a local, regional and global scale, which are likely to have adverse effects on the operating performance of affected portfolio companies. A climate of uncertainty, including the spread of infectious viruses or diseases, may reduce the availability of potential investment opportunities, and generally will increase the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners and businesses, including credit used to acquire businesses, in an

uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of the Fund and its portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's portfolio companies.

*Weather and Climate Risk.* Global climate change is widely considered to be a significant threat to the global economy. Various businesses face risks from the physical effects of climate change, such as risks posed by increasing frequency or severity of extreme weather events and rising sea levels and temperatures. The Paris Agreement and other initiatives by international, federal, state, and regional policymakers and regulatory authorities as well as private actors seeking to reduce greenhouse gas emissions may expose portfolio companies to so-called "transition risks" in addition to physical risks, such as: (i) political and policy risks (e.g., changing regulatory incentives and legal requirements, including with respect to greenhouse gas emissions, that could result in increased costs or changes in business operations) regulatory and litigation risk (e.g., changing legal requirements that could result in increased permitting and compliance costs, changes in business operations, or the discontinuance of certain operations, and litigation seeking monetary or injunctive relief related to climate impacts), (ii) technology and market risk (e.g., declining market for products and services seen as greenhouse gas intensive or less effective than alternatives in reducing greenhouse gas emissions); and (iii) reputational risk (e.g., risks tied to changing customer or community perceptions of an asset's relative contribution to greenhouse gas emissions). The General Partner cannot rule out the possibility that climate risks could result in unanticipated delays or expenses and, under certain circumstances, could prevent completion of investment activities once undertaken, any of which could have a material adverse effect on an investment or the Fund.

Climate events and disasters have in the past and may in the future disrupt or halt the business of portfolio companies and/or the General Partner. There can be no assurance that weather and climate patterns will remain constant or be predictable throughout the term of the Fund. Accordingly, the General Partner and/or the profitability of certain of the Fund's investments may be adversely affected by weather and climate changes, thereby potentially decreasing aggregate returns to the Fund.

*Market Conditions.* The state of the private equity industry, generally, and the success of the Fund's investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and U.S. and global political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partner. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities for the Fund, the Fund's ability to make investments, the availability of funding to support the Fund's investment objectives, the performance and/or valuation of the Fund's investments, and/or the Fund's ability to dispose of investments. In addition, such conditions may impact the public market comparable earnings multiples that are frequently used to value privately held portfolio companies and investors' risk-free rate of return. In such an environment, the Fund may be more likely to pay

reverse break-up, termination or other fees and expenses in the event that the Fund is not able to close a transaction (whether due to lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the Fund to dispose of investments at prices that the General Partner believes reflect the fair value of such investments. Such conditions could result in substantial or total losses to the Fund in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

*Terrorist Activities.* Terrorist activities, anti-terrorist efforts, armed conflicts involving the United States or its interests abroad and natural disasters may adversely affect the United States, its financial markets and global economies and could prevent the Fund from meeting its investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect the United States and world financial markets and the Fund for the short or long-term in ways that cannot presently be predicted.

*Force Majeure Events.* Certain force majeure events (i.e., those events beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war, terrorism, labor strikes, pandemics, outbreaks of an infectious disease or any other serious public health concern) may adversely affect the ability of Mainsail, its affiliates, the Fund, its portfolio companies, counterparties of the foregoing or other persons or entities to perform their respective obligations. The cost of repairing or replacing assets damaged by a force majeure event could be considerable. In addition, repeated or prolonged service interruptions resulting from a force majeure event may result in a permanent loss of customers, substantial litigation or significant penalties for regulatory or contractual non-compliance, though in some cases, agreements may be terminable if a force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre agreed time period. The occurrence of a force majeure event may, directly or indirectly, have a material adverse effect on the Fund and/or any of its portfolio companies.

*Public Health Emergencies; COVID-19.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19, have and are resulting in market 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 Fund.

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken or have the potential to take restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, increases in unemployed levels, and strain and uncertainty for businesses

and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of any such health emergency – any resulting decline in economic and commercial activity – on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Fund. The extent of the impact on the Fund’s and its portfolio companies’ operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Fund intends to pursue, all of which could adversely affect the Fund’s ability to fulfill its investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Fund, its portfolio companies, the General Partner and the Management Company may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity’s personnel. These measures may also hinder such entities’ ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

*CFIUS & National Security/Investment Clearance Considerations.* Certain investments by the Fund that involve the acquisition of a business connected with or related to national security or critical infrastructure are expected to be subject to review and approval by the U.S. Committee on Foreign Investment in the United States (“CFIUS”) and/or non U.S. national security/investment clearance regulators depending on the structure, beneficial ownership and control of interests in the Fund. In the event that CFIUS or another regulator reviews one or more of the Fund’s proposed or existing investments, there can be no assurances that the Fund will be able to maintain, or proceed with, such investments on terms acceptable to the Fund. CFIUS or another regulator may seek to impose limitations on or prohibit one or more of the Fund’s investments. Such limitations or restrictions may prevent the Fund from maintaining or pursuing investments, which could adversely affect the Fund’s performance with respect to such investments (if consummated) and thus the Fund’s performance as a whole. In addition, certain of the Limited Partners are expected to be non U.S. investors, and in the aggregate, may comprise a substantial portion of the Fund’s aggregate Commitments, which increases both the risk that investments may be subject to review by CFIUS, and the risk that limitations or restrictions will be imposed by CFIUS or other non-U.S. regulators on the Fund’s investments. In the event that restrictions are imposed on any investment by the Fund due to the non U.S. status of a Limited Partner or group of Limited Partners or other related CFIUS or national security considerations, the General Partner may choose to restrict such Limited Partner’s or such group of Limited

Partners' ability to invest in any such portfolio investment and further, if applicable, restrict such Limited Partner's or such group of Limited Partners' rights to participate in or vote on certain decisions of the Advisory Committee with respect to such investment. However, there can be no assurance that any restrictions implemented on any such Limited Partner or any such group of Limited Partners will allow the Fund to maintain, or proceed with, any investment.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* The ability of the Fund and the portfolio companies to effectively execute their respective strategies will be dependent on the health of the U.S. and global credit markets. The recent deterioration of the global credit markets has made it more difficult for investment funds to obtain favorable financing for investments, and the Fund's ability to consummate investments may be adversely affected, one effect of which may be a slower-than-anticipated rate of capital deployment by the Fund. A persistent credit market deterioration may result in limited availability of credit to consumers, homeowners and/or businesses, which may lead to an overall weakening of the U.S. economy and/or global economies. In such a situation, portfolio company performance may decline and/or the value of portfolio companies may be diminished. As a result, the Fund's ability to realize its investments at favorable times and/or for favorable prices may be negatively impacted, one effect of which may be longer-than-anticipated holding periods for investments. Accordingly, a deterioration in credit markets may negatively affect the Fund's ability to achieve its investment objectives and/or generate attractive returns for Limited Partners.

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

*Operations Team and Extended Network Advisors; Certain Consultants.* The General Partner expects to recommend that the Fund and/or the portfolio companies, as applicable, retain or employ Extended Network Advisors, which are generally expected to have a longer and/or more developed relationship with the General Partner (including better knowledge of the General Partner's methodologies, practices and investment goals) than other third parties. External Network Advisors include affiliates of the General Partner, employees or former employees of such affiliates, portfolio companies of other funds managed by the General Partner or its affiliates. The Extended Network Advisors are expected to regularly provide services to, or in connection with, the Fund in relation to its activities, or to one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, including operational aspects of such companies. Such services include those described above in "Fees and Compensation-Operations Team and Extended Network Advisors" above and in the Governing Documents of the Funds. and include services of the type generally provided by the Operations Team.

Fees and expenses associated with the services provided by the Extended Network Advisors (collectively, “**Consulting Fees**”), are paid and/or reimbursed by applicable portfolio companies and/or the Fund, and Consulting Fees do not constitute External Fees or otherwise offset or reduce the Management Fee, and are not otherwise covered by the Management Fee. The General Partner expects that Consulting Fees will generally be paid by the applicable portfolio companies and/or the Fund, and the General Partner may pay a retainer or other compensation to an Extended Network Advisor, which is expected to be reimbursed by a portfolio company if such Extended Network Advisor is also retained by such portfolio company. Consulting Fees are expected to include cash fees, profits or equity interests in a portfolio company, a share of proceeds upon sale of a portfolio company and/or other incentive-based compensation to the Extended Network Advisor, which will be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Extended Network Advisor, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Additionally, the General Partner or portfolio companies from time to time will provide opportunities for Extended Network Advisors to invest in such portfolio company, including investing with the Fund as part of the Fund’s share of an investment opportunity or acquiring a portion of the Fund’s investment, or investing directly in the portfolio company. Extended Network Advisors are expected to separately receive equity grants from portfolio companies and reimbursement of costs and expenses from the Fund and/or portfolio companies. Extended Network Advisors also may receive remuneration from the General Partner and/or the Fund or affiliates and/or be entitled to other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to an Extended Network Advisor will not offset or reduce the Management Fee, and the use of Extended Network Advisers is expected to fluctuate and/or expand over time. Extended Network Advisors may have a limited partnership or profit interest in the Fund, the General Partner, one or more other investment funds sponsored by the General Partner or in an affiliate of the General Partner.

The Management Company separately has created the Operations Team, comprised of persons that are employees of the Management Company or an affiliate, primarily to provide assistance to portfolio companies with respect to the services described above in “Fees and Compensation-Operations Team and Extended Network Advisors” and in the Governing Documents of the Funds. As indicated above, the General Partner is expected to recommend that the Fund and/or the portfolio companies, as applicable, retain or employ Extended Network Advisors to render services of the type provided by the Operations Team.

In connection with the acquisition of a portfolio company, the General Partner generally will cause the portfolio company to enter into a services agreement pursuant to which the Operations Team will provide the services described above in addition to monitoring, management, business advisory and similar services rendered by the Management Company. The General Partner expects that significant compensation will be paid by portfolio companies and received by the Management Company with respect to such services (“**Operations Team Fees**”), which Operations Team Fees do not offset the Management Fee below the threshold amount specified in the relevant Partnership Agreement (the “**Offset Threshold**”), and any amount of Operations Team Fees in excess of the Offset Threshold only partially offset the Management Fee to the extent set forth in the relevant Partnership Agreement. A flat fee or retainer for Operations Team services generally will be paid by the portfolio company in installments. In addition, the

portfolio company will pay a separate recruiting fee (or “**headhunter**” or “**talent**” fee) to the extent such services are used, and potentially will pay monitoring, advisory or similar fees to the Management Company, and is expected to reimburse the Management Company for Operations Team expenses (including travel) relating to such portfolio company. Expenses incurred by the Operations Team in connection with providing services to the portfolio companies will be reimbursed by such portfolio companies and such reimbursements do not reduce the Management Fee.

While the General Partner expects portfolio companies initially will utilize the Operations Team to drive changes in an effort to produce future value, in subsequent years the Operations Team is generally expected to provide fewer services. There can be no assurance that the amount of such fees charged will be proportional to the amount of hours of work performed on behalf of the portfolio company. The Operations Team also has a limited number of personnel and resources, and there can be no assurance that the Operations Team will provide all of the services or expertise required to drive value for a portfolio company. Further, certain Operations Team members also serve in other roles for the Management Company (e.g., legal and finance); accordingly, such persons will dedicate only a portion of their time to Operations Team matters. The General Partner is authorized to determine in its sole discretion that a portfolio company would benefit from the expertise of one or more members of the Extended Network Advisors or independent third parties to provide a particular service that otherwise would be provided by the Operations Team, including because such Extended Network Advisors or independent third parties have expertise relevant to the needs of a portfolio company that (i) the Operations Team does not have, and/or (ii) surpasses the expertise of the Operations Team with respect to the applicable subject matter, or because the Operations Team does not have the capacity to provide for an appropriate length of time for the reasons set forth above. The General Partner will face potential conflicts of interest in determining when and how to utilize the Operations Team and Extended Network Advisors and also which Extended Network Advisors are utilized or recommended. As noted above, the Operations Team and Extended Network Advisors typically provide substantially similar services, and the General Partner has an incentive to utilize Extended Network Advisors rather than the Operations Team because the Management Company receives a flat fee for services provided by the Operations Team and because certain Operations Team members separately provide services to the Management Company. In addition, the General Partner has an incentive to retain Extended Network Advisors to provide services that may otherwise be provided by the Operations Team so that compensation in respect of such services does not cause the Operations Team Fees to exceed (or further exceed) the Offset Threshold. For similar reasons, the General Partner has an incentive to engage other portfolio companies of the Fund and/or other funds sponsored or advised by the General Partner or its affiliates (collectively, the “**Mainsail Funds**”), rather than the Operations Team to provide services that may otherwise be provided by the Operations Team.

In addition, the General Partner is authorized to determine to designate an Operations Team member as an Extended Network Advisor (and vice versa). Operations Team members (and, under certain circumstances, investment professionals of the Management Company) also are permitted to become employed by portfolio companies, as are Extended Network Advisors, and therefore their compensation would be borne by the applicable portfolio company without offset to the Management Fee. If an Extended Network Advisor becomes an Operations Team member, any compensation received by that person prior to such re-designation will not be subject to the Offset



Threshold (for the avoidance of doubt, any compensation received by such person after such re-designation as an Operations Team member also will not be subject to such threshold). The General Partner's ability to designate or cause portfolio companies to employ personnel creates an incentive to do so in order to shift costs that would otherwise be borne by the General Partner as overhead in a manner so they are directly or indirectly borne by the Fund, either in whole or in part. Accordingly, any such personnel designation, re-designation or change in employment relationship generally is expected to increase the costs and expenses directly or indirectly borne by the Fund.

While the General Partner anticipates that Operations Team members assigned to work with portfolio companies and/or Extended Network Advisors recommended will produce better outcomes for such portfolio companies, a number of factors may result in limited or no additional benefit. As a general matter, there can be no assurance that the initiatives of the Operations Team, or the services rendered by the Extended Network Advisors (or any combination thereof), will be effective and result in improved portfolio company performance as compared to what could be achieved by the use of other third parties. The Management Company and/or its affiliates anticipate employing or retaining Operations Team members or recommending Extended Network Advisors that they believe provide services that will create value for the portfolio companies (and, ultimately, the Fund). However, there can be no assurance that there is no other personnel or service provider more qualified to provide the applicable services and/or able to provide them at lesser cost. The General Partner undertakes no minimum amount of benchmarking Operations Team or Extended Network Advisor rates against other service provider rates, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, geographies, comparable markets or services to which such rates or terms relate. To the extent the General Partner benchmarks any rates, where such rates or terms include hourly components, the General Partner reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest.

In addition, services provided by the Operations Team and Extended Network Advisors paid for by the Fund and/or its portfolio companies have the potential to result in direct or indirect benefits to the Management Company, its affiliates and/or portfolio companies of the Mainsail Funds. Consequently, the Management Company, its affiliates and/or portfolio companies of the Mainsail Funds could receive benefits without bearing any of the associated costs.

In the event that Management Company personnel, Extended Network Advisors or Operations Team members serve on the board of directors or similar governing body of a portfolio company, such persons typically have fiduciary duties to such a company. Such duties have the potential to result in conflicts of interest that limit or impact such person with respect to the services such person may provide to the company and such conflicts have the potential to result in such person taking actions or not taking actions that are contrary to the Fund achieving its investment objectives with respect to such company.

It should be noted that the above discussion concerning the role of, and the considerations applicable to, Extended Network Advisors is, in general, also applicable to third party advisors, consultants and similar service providers including those recommended by the Management Company (other than that Extended Network Advisors are generally expected to have a longer

and/or more developed relationship with the Management Company and better knowledge of the Management Company's methodologies, practices and investment goals, which the General Partner is authorized to engage on behalf of the Fund and/or portfolio companies in its sole discretion). The Extended Network Advisors may have certain indicia of employment and/or relationship with the Management Company (e.g., business cards, email addresses and inclusion in the Management Company's (including the Fund's or any other Mainsail Fund's) marketing materials or on its website).

*Unfunded Pension Liabilities of Portfolio Companies.* A recent court decision has found that, in certain circumstances, a fund could be treated as a "trade or business" for purposes of determining pension liability under ERISA. Therefore, where an investment fund owns 80% or more (or possibly, under certain circumstances less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. The Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund may own an 80% or greater interest in such a portfolio company. If the Fund and/or any 80%-owned portfolio companies of the Fund were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statute and regulations regarding control group liability under the Employee Retirement Income Security Act of 1974, as amended, as in effect as of the date of this Memorandum, which may change in the future as applicable case law and guidance develops.

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

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, the Fund and/or the General Partner may be required to make (and/or be responsible for another person's or entity's breach of) certain representations and warranties (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses) and may be responsible for the content of disclosure documents under applicable securities laws. The Fund and/or the General Partner may also be required to indemnify the purchasers or underwriters of such investment to the extent that any such representations or disclosure documents are inaccurate. Such arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, the Partners. In such a situation, Partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the Partnership Agreement.

Furthermore, under the Delaware Revised Uniform Limited Partnership Act, each Limited Partner that receives a distribution in violation of such Act will, under certain circumstances, be obligated to re contribute such distribution to the Fund.

*Disclosure of Confidential Fund and Investor Information.* The Partnership Agreement will contain confidentiality provisions intended to protect proprietary and other information relating to the Fund and the Fund's portfolio companies. However, the Limited Partners may include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding the Fund, its investments, and its investors, notwithstanding contractual obligations (such as those contained in the Partnership Agreement) to the contrary. The Partnership Agreement will not prohibit such entities from being admitted to the Fund. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements, and side letters) that investors in private equity funds that are subject to such laws have in place with private equity funds and that trend may continue. To the extent that disclosure of confidential information relating to the Fund or its portfolio companies results from Interests being held by public investors, competitors of the Fund and/or competitors of its portfolio companies and others may benefit from such information. As a result, the Fund, its investments, the General Partner and the economic interests of the Limited Partners may be adversely affected. The Fund may incur expenses in connection with responding to any such disclosure requests, even if the Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the Limited Partners will have pursuant to the Partnership Agreement to maintain the confidentiality of the Fund information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement agencies, or otherwise, including for purposes of complying with regulations or policies to which the Fund, the General Partner, their affiliates, portfolio companies or service providers to any of them may be or become subject. The General Partner may also in certain circumstances, in an effort to protect any such potential disclosure, withhold all or any part of the information otherwise to be provided to such a Limited Partner, as more fully described in the Partnership Agreement. Conversely, potential future regulatory changes applicable to investment advisers and/or the accounts they advise could result in the General Partner and/or the Fund becoming subject to additional disclosure requirements the specific nature of which is as yet uncertain. There can be no assurance that such information will not be disclosed by the Fund, the General Partner, their respective affiliates and personnel, portfolio companies, or services providers to any of them including, without limitation, to comply with laws, regulations, or policies to which they are or may become subject. In addition, the SEC has authority to require private equity fund advisers to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of the Fund information could have an adverse effect on the Fund and its investors, for example, by affecting the Fund's competitive advantage in finding attractive investment opportunities.

*Public Disclosure.* In certain cases, the Fund may disclose confidential information to third parties, including if required by U.S. federal, state or local law or regulation applicable to the Fund, the General Partner, the Management Company or any Limited Partner. Such disclosure may adversely affect certain Limited Partners, particularly Limited Partners who are not otherwise subject to public disclosure of information relating to the private holdings of funds in which they invest.

*Tax Distribution; Phantom Income.* Due to possible differences between the allocation of gain or income for any tax purposes and distribution of cash relating to gain or income (including possible timing differences), there can be no assurance that investors that are subject to tax on allocated gain or income will receive distributions sufficient to satisfy their tax liabilities fully. Further, there can be no assurance that the Fund will have sufficient cash flow to enable it to make distributions in the amount necessary for payment of all tax liability resulting from an investor's ownership of an interest in the Fund.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, 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, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, the Management Company, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. 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, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks 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 the Management Company to manage the Funds and their investments, and on the ability of the Management Company, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund or portfolio company is unable 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 the Fund to access capital contributions, the inability of Limited Partners to access funds to make capital calls or otherwise); the inability of the Fund or portfolio company to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of the Management Company or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that the Management Company will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that the Management Company will be able to exercise contractual remedies under the agreements with

Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that the Management Company, the relevant Fund, and/or the relevant Fund's portfolio companies maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although the Management Company and the Funds' portfolio companies seek to do business with Financial Institutions that they believe are creditworthy and capable of fulfilling their respective obligations to the Funds and the Funds' portfolio companies, the Management Company and the Funds' portfolio companies are under no obligation to use a minimum number of Financial Institutions with respect to any Fund or portfolio company, or to maintain account balances at or below the relevant insured amounts.

*Secondaries and other General Partner-Led Transactions.* There continues to be a significant market in the private fund sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and the Management Company reserves the right to dispose of (or seek additional capital for) Fund investments through such means. 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 the Management Company 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 the Management Company believes there is the potential for additional value generation. Where undertaken, existing Limited Partners potentially will be 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 Management Company and its affiliates), often on different terms than the original investment. 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 the Management Company or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where the Management Company or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner

on the sale of an asset from an existing Fund in such 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, the Management Company, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent the Management Company requires existing Limited Partners and/or new buyers to commit capital to a continuation fund or another Fund managed by the Management Company in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its Limited Partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund investment(s) being sold. 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 the Management Company 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 the Management Company will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of the Fund or any individual Limited Partner or group of Limited Partners. However, the Management Company reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. The Management Company is permitted to seek the consent of the Fund advisory committee to approve conflicts associated with such transactions and accordingly not all Limited Partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

***Inflation.*** High rates of inflation and rapid increases in the rate of inflation are expected to have a significant impact (often a negative or adverse impact) on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have corresponding impacts (often negative) on the level of economic activity and also potentially result in market or financial sector uncertainty as a result of unintended consequences. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Fund's investments and aggregate returns. For example, if a company were unable to increase its revenue while business expenses were increasing, the company's profitability would likely suffer. Likewise, to the extent a company has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, the company could increase revenue by less than its expenses increase. Conversely, as

inflation declines, a company may see its competitors' costs stabilize sooner or more rapidly than its own.

Moreover, as inflation increases, the real value of the interests in the Funds and distributions therefrom can decline. If a Fund is unable to increase the revenue and profits of its investments at times of higher inflation, it may be unable to pay out higher distributions to the Partners to compensate for the decrease in value of the money, thereby affecting the expected return of Limited Partners. A Fund could also be adversely affected if the market value of its investments declines during times of higher inflation as compared to periods with lower inflation.

Antitrust Laws. Antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States 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 the acquisition of a portfolio company by a Fund may preclude the Fund from making an attractive acquisition or require the Fund to sell all or a portion of certain portfolio companies owned by them. Similarly, antitrust restrictions may limit the number of prospective purchasers of Fund portfolio companies and/or otherwise limit the Fund's ability to dispose of investments on attractive terms.

## **Conflicts of Interest**

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

Until such time as Mainsail is permitted under the relevant Governing Documents to raise a successor investment fund to a Fund, substantially all appropriate investment opportunities will be pursued by Mainsail principals through such Fund, subject to certain exceptions set forth in the applicable Governing Documents. Without limitation, Mainsail principals currently manage, and expect in the future to manage, several other Funds and investments similar to those in which a Fund will be investing and may direct certain relevant investment opportunities to those Funds and investments. Mainsail's principals and Mainsail's investment staff will continue to manage and monitor such investments until their realization. Such other investments that Mainsail principals may control or manage may potentially compete with companies acquired by a Fund. Following

the investment period of a Fund, Mainsail principals may and likely will focus their investment activities on other opportunities and areas unrelated to such Fund's investments.

From time to time, Mainsail will be presented with investment opportunities that would be suitable not only for a Fund, but also for other Funds and other investment vehicles operated by Mainsail or its affiliates. In determining which investment vehicles should participate in such investment opportunities, subject to the Governing Documents, Mainsail and its affiliates are subject to potential conflicts of interest among the investors in such investment vehicles. Investments by more than one client of Mainsail in a portfolio company may also raise the risk of using assets of a client of Mainsail to support positions taken by other clients of Mainsail. Mainsail generally assesses whether an investment opportunity is appropriate for a particular Fund based on the terms of the applicable Governing Documents, as well as factors including but not limited to: each Fund's investment restrictions and objectives (including those set forth in the relevant Fund's Governing Documents, where applicable), strategy, capital structure, risk profile, time horizon, investment size, tax sensitivity, tolerance for turnover, asset composition, cash level (if any), applicable regulatory restrictions, life cycle and structure. Each Fund may invest together with other Funds and investment vehicles advised by Mainsail or an affiliate in the manner set forth in the relevant Governing Documents. For example, Mainsail offers associates of the Management Company the opportunity to invest sourcing bonuses and other amounts in certain portfolio company investments of the Fund through MIP, which is not subject to management fees or carried interest. To facilitate closing or for administrative ease, a Fund also may purchase an investment and sell to MIP a portion of such investment. Any sale to MIP generally is expected to occur shortly after a Fund's consummation of an investment to avoid any changes in valuation of the investment. MIP investments pose potential conflicts of interest because they would dilute a Fund's investment in such portfolio companies and such associates have access to confidential information about such portfolio companies and may choose to invest (or invest a greater amount) in portfolio companies that they believe have more favorable prospects for growth. Mainsail believes that the potential conflicts are mitigated by the limited amount of MIP's expected investments relative to the expected overall Fund investment. In addition, Mainsail believes such investments generally operate to align such associates' interests with those of the Limited Partners. The General Partner also may offer service providers, consultants and other persons, including Extended Network Advisors, board members and portfolio company executives ("**Strategic Investors**"), the opportunity to invest in connection with a Fund's investment in a portfolio company notwithstanding the Fund's ability to fund the amount offered to such Strategic Investor, based on the General Partner's determination that such persons' investments would potentially result in strategic benefits to, or establish, recognize, strengthen or cultivate relationships that have the potential to provide other longer-term benefits to, a Fund or such portfolio company, or in an effort to align such persons' interests with the Fund or a portfolio company. However, there can be no assurance that Strategic Investors will provide any benefits perceived or expected by the General Partner. The General Partner will determine the allocation of investment opportunities in a manner that it believes is fair and equitable consistent with the General Partner's obligations and reserves the right to take into consideration factors such as those set forth above. In the event that the available amount of an investment opportunity in which the Fund will invest exceeds an amount appropriate for the Fund (and any Strategic Investors), such excess may also be offered to one or more potential investors, as set forth below.



Following such determination of allocation among Funds, Mainsail reserves the right to offer co-investment opportunities to one or more potential co-investors, including Management Company personnel (including Operations Team members) and/or certain other persons associated with Mainsail, Extended Network Advisors, finders, consultants and other service providers, other sponsors and other market participants, in each case on terms to be determined by Mainsail in its sole discretion subject to the relevant Governing Documents, Side Letters and Mainsail's procedures regarding allocation. Mainsail's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived degree of that interest; the expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment; the prospective co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the prospective co-investor's investment process), and to otherwise execute the transaction, in a timely manner with respect to the timeframe in which the relevant General Partner believes favorable transaction terms may be achieved; any tax, regulatory, securities laws and/or other legal considerations with respect to the prospective co-investor (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; the General Partner's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting, or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the General Partner's ability to execute the relevant transaction in the desired time or on desired terms; the size of the investment allocation available to the General Partner (and not being allocated to the Fund or any other Fund), and the practicality of splitting the allocation into smaller tranches; the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction; any requirements of any third-party lenders as to the identity of any investors participating as co-investors, or as to the creditworthiness of any co-investors, or as to the number of co-investors, or as to other matters with respect to the investors in the transaction; whether the prospective co-investor is considered "strategic" to the investment because it is able to offer a Fund or the General Partner or any of their respective affiliates certain services or benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether the General Partner believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to any of the relevant Mainsail Funds, the General Partner or their respective affiliates; whether the prospective co-investor has a history of consummating co-investment opportunities with the General Partner or its affiliates; whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity (including the financial resources to fund its pro rata share of any future follow-on investments); the likelihood that the prospective co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the underlying portfolio company, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where

the investor would be willing to defer to the General Partner and assume a more passive role in governing the investment); whether the prospective co-investor has any interests in any competitor of the underlying investment; the expected investment holding period; the services provided by the prospective co-investor to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment); the size of the prospective co-investor's interest to be held in the underlying portfolio company as a result of a Fund's investment (which is likely to be based on the size of the prospective co-investor's capital commitment and/or investment in such Fund); the size of the prospective co-investor's commitment to the Fund or any other Fund; whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions; the extent to which the prospective co-investor has previously been provided a greater amount of co-investment opportunities relative to other prospective co-investors; the likelihood that the prospective co-investor may invest in a future fund sponsored by the General Partner or its affiliates and other factors that the General Partner considers important in connection with the specific transaction or investment. Mainsail reserves the right to grant certain Limited Partners and/or third-parties the opportunity to evaluate specified amounts of prospective co-investments in Fund investments or otherwise to have priority in co-investment opportunities. Additionally, from time to time, certain service providers (e.g., lenders) seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to the General Partners, a Fund or investment in connection with the services provided. Co-investment opportunities may, and typically will, be offered to some and not to other Limited Partners. Mainsail's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors to the Funds or any other co-investment vehicle, and such allocations may be more or less advantageous to some persons or entities than to others.

In addition, from time to time, Mainsail, in order to consummate a transaction or facilitate the acquisition of an investment and ensure a Fund is afforded an investment opportunity or otherwise, is authorized to cause the Fund to acquire (or commit to acquire) on behalf of certain co-investors (including other Funds) with a view to selling down a portion of such investment to such co-investors or other persons at a later time or prior to or within a period after the closing of the acquisition. The Fund generally will not receive compensation for such activities. If the Fund does not find co-investors and/or in the event that the co-investors breach their covenant to purchase the investment from the Fund, the Fund will have an allocation to an investment that is larger than originally anticipated. In addition, the Fund will bear the risk that any or all of the excess portion of such investment could only be sold on unattractive terms. If the excess portion of such investment has not been sold, the Fund will bear the entire portion of any other fees, costs and expenses related to such investment, hold a larger than expected investment in such investment and could realize lower than expected returns from such investment.

The Funds are authorized to co-invest with third parties through partnerships, joint ventures or other entities or arrangements, thereby acquiring non-controlling interests in certain portfolio companies. The Funds may not have control over these companies and, therefore, may have a limited ability to protect its position therein. Such portfolio companies involve risks not present in majority portfolio companies and/or where a third-party is not involved, including the possibility that a third-party partner or co-investor may have financial difficulties resulting in a negative impact on such portfolio companies, may have economic or business interests or goals that are

inconsistent with those of the Funds, may cause the investment to be reviewable by CFIUS or another U.S. or other national security investment clearance regulator, or may be in a position to take action contrary to the investment objectives of the Funds or narrow the array of potential exit strategies for the Funds. In addition, the Funds may in certain circumstances be liable for the actions of its third-party partners or co-investors. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to such investments, including incentive compensation arrangements, which will not offset the Funds' management fee. In addition, there can be no assurance that the Funds' return from a transaction would be equal to and not less than the return of another party that was allocated an investment opportunity and that is participating in the same transaction. In some cases, a co-investment vehicle will be formed in connection with the consummation of a transaction and such entity will bear expenses related to its formation and operation.

In some cases, a co-investment vehicle may be formed in connection with the consummation of a transaction and such entity will bear expenses related to its formation and operation. In the event that a transaction in which a co-investment was planned, including a transaction for which a co investment was believed necessary in order to consummate such transaction or would otherwise be beneficial to the transaction, ultimately is not consummated, the full amount of any fees and expenses generated in the course of evaluating any such proposed transaction generally would be borne by the relevant Fund, and not by any potential co-investors that would have participated in such transaction. However, to the extent that such co investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of expenses.

Mainsail is subject to conflict of interest in the allocation of co-investment opportunities. Furthermore, Mainsail or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and Mainsail expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Governing Documents and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has

appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. When and to the extent that employees and related persons of Mainsail and its affiliates make capital investments in or alongside certain Funds, Mainsail and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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

Additionally, potential conflicts of interest are expected to arise if and to the extent a Fund makes an investment in a portfolio company in conjunction with an investment made by another Fund. For instance, a Fund may not invest through the same investment vehicles, have the same access to credit or employ the same investment strategies as other Funds. This likely will result in differences in price, investment terms, leverage and associated costs among the Funds. There can be no assurance that the Funds will exit the investment at the same time or on the same terms, and there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any other investment fund participating in the transactions. In addition, Mainsail may enter into cross-transactions on behalf of the Funds or co-investors or co-investment vehicles, in which a Fund buys securities from, or sells securities to, such other persons. In some cases, a portfolio company of one Fund may be merged with or into a portfolio company owned by another Fund. Any such transactions raise potential conflicts, including where the assets of one Fund support positions taken by other Funds. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Governing Documents or otherwise in the sole discretion of Mainsail, Mainsail may seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or "arm's length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or

quotation provided exclusively for the benefit of Mainsail) or by obtaining the consent of the relevant fund(s) (including, where authorized, the consent of each Fund's advisory committee) to such transactions. In certain circumstances, Mainsail may not obtain such an opinion or consent and may determine that the willingness of a third-party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to a Fund under then-current market conditions. Further, Mainsail Funds nearing the end of their term potentially will sell their interest in investments to other Mainsail Funds with more time remaining in their term, which gives rise to the conflicts of interest discussed herein. Conflicts of interest are also heightened in the foregoing transactions to the extent the partners of the General Partner are assigned varying percentages of carried interest from funds in the same investment, or if economic terms, performance or the potential for carried interest vary between funds sponsored by the General Partner or its affiliates, particularly when one fund sells its portion of such investment to another fund, which could cause a portion of such carried interest to become "crystallized." Whether or not such consent is obtained or there is a fairness opinion or a third-party investor, Mainsail intends to conduct such transactions in a manner that Mainsail believes in good faith to be fair and equitable to each fund under the circumstances, including a consideration of the potential present and future benefits with respect to each fund. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to the Funds.

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

Where the Funds invest at the same, different or overlapping levels of a portfolio company's capital structure, there is a potential for conflicts of interest in determining the terms of each such investment. Questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring may raise conflicts of interest, particularly with respect to Funds that have invested in different securities within the same portfolio company. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided, each Fund generally will supply such additional capital in such amounts, if any, as determined by Mainsail in its sole discretion. Because of the different legal rights associated with debt and equity of the same portfolio company, Mainsail and its affiliates expect to face a potential conflict of interest in respect of the advice given to, and the actions taken on behalf of, the Funds (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations and the resolution of workouts or bankruptcies).

Mainsail, in its sole discretion, will allocate fees and expenses in accordance with the Governing Documents and in a manner that it believes is fair and equitable to the Funds under the

circumstances and considering such factors as it deems relevant. The allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion (e.g., in determining whether to allocate pro rata based on number of Funds or co-investors receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has a greater benefit to the Funds or Mainsail and/or its affiliates). The Management Company intends to allocate fees and expenses in a manner it believes to be fair and equitable, but in its sole discretion. As a general matter, broken deal expenses are allocated among Limited Partners regardless of whether any individual Limited Partner negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. The Funds also expect to bear fees and expenses indirectly to the extent a portfolio company (or intermediate entity) pays fees and expenses, and the Mainsail reserves the right to charge fees and expenses to portfolio companies, capitalize fees and expenses into the cost basis of a transaction, or to the extent necessary or desirable for operational, administrative, tax or other reasons, charge fees and expenses at the level of an intermediate holding company between the Funds and the portfolio company. The amount of Fund expenses ultimately called or called at any one time may exceed expectations.

As a result of the Funds' controlling investments in portfolio companies, Mainsail typically has the right to appoint portfolio company board members (including current or former Mainsail personnel or persons serving at their request), 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 Mainsail and/or its affiliates in connection with services provided by Mainsail and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the Governing Documents' offset provisions, are in addition to the Management Fees or carried interest discussed herein. Mainsail's authority to appoint or influence the appointment of portfolio company board members who may be involved in approving compensation payable to Mainsail subjects Mainsail and any such portfolio company board appointees to potential conflicts of interest. In the event that a Mainsail employee serves on the board of directors or similar governing body of a portfolio company, such person typically has fiduciary duties to such company. Unless restricted by the Governing Documents and/or Mainsail, Mainsail personnel are permitted to serve on boards or act in other roles unaffiliated with Mainsail, the Funds or the 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. Decisions made by a director will potentially subject the relevant General Partner, the Management Company, the Fund or their respective affiliates to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. From time to time, employees or other personnel of a General Partner, the Management Company or their respective affiliates (including the Operations Team) are likely to also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest. Any compensation received by such personnel in connection therewith will not be offset against the Management Fee or otherwise be shared with the Fund and/or Limited Partners.

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

such portfolio company. This subjects Mainsail 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. Subject to the applicable Governing Documents and its internal reimbursement policies and practices, Mainsail determines the amount of these reimbursements for such services in its own discretion. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund any fee paid or expense reimbursed to Mainsail or such service providers generally is subject to one or more of: 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. Mainsail believes these factors help to mitigate related potential conflicts of interest.

Mainsail and/or its affiliates also reserve the right to, from time to time, employ personnel (including Operations Team members) with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds; conversely, former personnel or executives of Mainsail (including, potentially, Operations Team members and/or Extended Network Advisors) may serve in significant management roles or work with management at portfolio companies or service providers recommended by Mainsail. Similarly, Mainsail and/or its personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including 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 such 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, Mainsail, and/or the Funds (including portfolio companies). Mainsail expects to be subject to a potential conflict of interest with the Funds in recommending the retention or continuation of a third-party service provider to the Funds or a portfolio company owned by the Funds 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 Mainsail advises, will provide Mainsail information about markets and industries in which Mainsail operates (or is contemplating operations), will provide future deal flow for a Fund or successor Fund(s) or will provide other services that are beneficial to Mainsail or one or more Funds. Mainsail expects to be subject to a potential conflict of interest in making such recommendations, in that Mainsail has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the Funds, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies. For example, Mainsail reserves the right to cause the Funds to make payments to investment banks, all or a portion of which is for the purpose of generating future deal flow; however, such payments may not result in any future deal flow, or may create goodwill that ultimately results in future deal flow for one or more other funds that did not pay such expenses.

Mainsail generally exercises its discretion to recommend to a Fund or to a portfolio company thereof that it contract for services or enter into other transactions with various service providers, potentially including, among others: (i) Mainsail or its Extended Network Advisers (or an affiliate, which may include other portfolio companies of the Funds) and at rates determined or substantively influenced by Mainsail; (ii) an entity with which Mainsail or its affiliates or current or former members of their personnel has a relationship or from which such person derive a

financial or other benefit, including joint-venturers or co-venturers, or relationships where Mainsail personnel are seconded, or from which the Mainsail receives secondees; or (iii) a Limited Partner of a Fund or its affiliates. For example, Mainsail expects from time to time to initiate transactions or service agreements between two or more portfolio companies, and expects to engage certain Limited Partners or their affiliates that are engaged in lending or related businesses to provide financing and/or other services in connection with a Fund's investments. Potential conflicts of interest arise in initiating such transactions, as Mainsail has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and/or improve the growth of its portfolio companies. Similarly, Mainsail has incentives to engage Limited Partners to provide services to the Funds and/or their portfolio companies, including financing, to maintain goodwill with such Limited Partners including with respect to investments made or that may be made in the Funds. As a result, in each case, the products or services recommended may not necessarily be the best or lowest cost option.

Current or former Management Company personnel, including Operations Team members and investment professionals, also are permitted to serve in interim or part-time roles at portfolio companies, or may provide services to portfolio companies as externs, secondees or in similar capacities, while maintaining certain benefits, office space, support services and/or indicia of employment at Mainsail. Mainsail maintains a program whereby certain of its personnel are given the option to become full-time externs for a portfolio company, generally for a specified period of time. Mainsail may initiate such an arrangement with a portfolio company or a portfolio company may contact Mainsail to request such an arrangement. Compensation for services provided by such externs, secondees and other personnel, including as part of any full-time externship, secondment or similar arrangement, for portfolio companies (including reimbursement for any compensation, including any bonuses, and employee benefits provided by Mainsail), are borne by such portfolio companies and do not offset the Management Fee. These arrangements could create conflicts of interest, in that any compensation that would ordinarily be borne by Mainsail or its affiliates as overhead in respect of those personnel would instead be borne by the portfolio company when they are externs, secondees or other portfolio company personnel. Therefore, Mainsail has an incentive to cause its employees to become externs or secondees or serve in similar roles to reduce its overhead or otherwise shift costs to portfolio companies. In addition, it is possible that certain Management Company personnel may perform services that directly or indirectly benefit Mainsail while serving as secondees or other portfolio company personnel.

The foregoing subjects Mainsail to potential conflicts of interest, because although it intends to initiate transactions and select or recommend service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, Mainsail has potential incentives to recommend the related or other person because of its financial or business interest. Additionally, there is a possibility that Mainsail, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Mainsail or the Funds), would favor such transaction, retention or continuation even if a better price and/or quality of service provider could be obtained from another person. Whether or not Mainsail has a relationship with or receives financial or other benefit from recommending a particular transaction or service provider, there can be no assurance that no other transaction would be more beneficial or that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. In addition, it is possible that the same service provider, or



service providers providing similar services (*e.g.*, an Extended Network Advisor and another third-party service provider), could charge different rates or amounts to different portfolio companies for the same or similar services based on a variety of factors including the complexity of the service with respect to a particular portfolio company, timing considerations, frequency of engagement by a portfolio company and/or the service provider's familiarity with a portfolio company, market conditions and/or other considerations. Mainsail is subject to the potential conflicts of interest and incentives described above when recommending such service providers.

Although Mainsail generally structures Funds to avoid circumstances in which one Fund ultimately bears liability for all or part of the obligations of another Fund or any Mainsail 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 each such case, Mainsail 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 participants 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 Mainsail 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 Mainsail affiliate, whether or not related to the Fund in which such Limited Partners have invested.

Mainsail, its affiliates, and equity holders, officers, principals and employees of Mainsail and its affiliates reserve the right to buy or sell securities or other instruments that Mainsail has recommended to a Fund. In addition, officers, principals and employees and Extended Network Advisors reserve the right to buy securities in transactions offered to but rejected by a Fund, but will not in such circumstances be required to share in or reimburse the relevant Fund for due diligence or other expenses (including Broken Deal Expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. Such transactions are subject to any restrictions in the Governing Documents. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of Mainsail 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 expect to have potential additional 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 or immediately preceding the date of distribution). 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 the Management Company deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease in value 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. Conversely, the General Partner and its beneficial owners potentially will decide to sell such securities within a short period of time, which could have an adverse impact on the price of securities that are held by Limited Partners at the time of such sale. Limited partners in receipt of a distributed investment will have no guidance from relevant the General Partner with respect to disposition of such investment (including timing of such disposition). 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.

Personnel of Mainsail, Extended Network Advisors and their respective affiliates reserve the right, from time to time, to serve as directors or interim executives of, or otherwise be associated with, companies that are competitors of portfolio investments of the Fund. In such cases, such personnel could be subject to fiduciary and other obligations to make decisions that they believe to be in the interests of the relevant companies. Although, in most cases involving the Funds' portfolio investments, the interests of the Funds and their portfolio investments would be expected to be aligned, this may not always be the case, particularly if portfolio investments are likely to be in financial difficulty. It would also be expected that the interests of a competitor company would not be aligned with those of a Fund or the Fund's portfolio investments. This has the potential to result in a conflict between the relevant individual's obligations to a portfolio investment or competing company and the interests of the Fund. In some circumstances, having such individuals serve as directors or interim executives of a portfolio investment of a Fund or another company (including, for these purposes, a portfolio investment of any other investment vehicle) may restrict the ability of the Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

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

In addition, as described above in "Risks of Investment – Operations Team and Extended Network Advisors," portfolio companies (and, to a lesser extent, the Funds) typically pay certain fees and expense reimbursements to Extended Network Advisors and other consultants and service providers (including consultants introduced or arranged by Mainsail and/or its affiliates that regularly provide services to one or more portfolio companies), and such fees do not offset the Management Fee as described herein. Extended Network Advisors generally make use of Mainsail resources or otherwise are associated with Mainsail. Extended Network Advisors generally receive investment opportunities, reimbursements and other compensation that do not offset the Management Fee of any Fund, as described herein. Extended Network Advisors are expected from time to time to include former employees of Mainsail or certain portfolio companies, and in some circumstances former Extended Network Advisors are expected to become Mainsail employees or employees of portfolio companies. Consequently, the determination of whether individuals are Extended Network Advisors is expected to vary and/or be revisited from time to time, which poses

potential conflicts of interest where certain changes in status or categorization would reduce costs that Mainsail otherwise would be required to bear. To the extent that Extended Network Advisors 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 services at the time when fewer portfolio companies or Funds make use of such Extended Network Advisors. Under many arrangements, including Operations Team 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 tangible work product generated by the Extended Network Advisor. In certain cases, including where a Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of Extended Network Advisors. In such cases, where the relevant General Partner believes the services of the Extended Network Advisors will benefit a portfolio company, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from Extended Network Advisor services. Although the use of Extended Network Advisors and the allocation of compensation paid to them by Mainsail, its affiliates and/or the portfolio companies subjects Mainsail and/or its affiliates to potential conflicts of interest, Mainsail believes that such potential conflicts have the potential to be reduced if the services of the Extended Network Advisor align with Mainsail's model for the portfolio company. Mainsail seeks to retain Extended Network Advisors with a view to improving portfolio company performance and seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Mainsail believes will align such persons' interests with those of the Funds' Limited Partners.

The fact that Mainsail's carried interest is based on a percentage of net profits may create an incentive for Mainsail to cause a Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. In addition, 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 Mainsail may not otherwise have done so. Additionally, U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Fund as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset which generated such gain for more than three years. This may create a further incentive for Mainsail to hold an investment for a longer period. In addition, this three-year holding period requirement for long-term capital gains treatment in respect of carried interest may create the potential for conflicts of interest between Mainsail and Limited Partners. For example, Mainsail may cause the Fund to borrow more frequently, in greater amounts, or for longer periods; hold investments for longer than it would absent adverse tax consequences to Mainsail from a shorter holding period; or waive or defer the distribution or allocation of carried interest to Mainsail, potentially changing the character or amount of income allocated to Limited Partners. Mainsail will generally have the authority to control these decisions and any positions taken by the Fund in respect of tax elections or income allocations.

Because Mainsail is permitted to retain certain fees and other amounts (as described under “Fees and Compensation”) in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. Additionally, Mainsail, its personnel, affiliates or others designated by Mainsail expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the Governing Documents are applied, Mainsail and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Mainsail or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because portfolio company securities are typically in the form of newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund’s relative ownership of the portfolio company awarding such compensation.

Mainsail 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 (i) different economic terms, including reduced Management Fees, modified waterfall mechanics and/or reduced carried interest and/or receipt of a portion of Mainsail’s management fees, other fees and/or carried interest; (ii) excuse, exclusion or withdrawal rights applicable to such Limited Partner or particular investments (including with respect to certain investments in certain geographies and/or industries) (which may increase the percentage interest of other Limited Partners in, and contribution obligations of other Limited Partners with respect to, certain investments); (iii) the right to receive certain additional information, certifications, reporting and/or notifications from the Fund or Mainsail or any of their affiliates and/or the manner in which information and/or notice shall be provided; (iv) the right to transfer Fund interests and to cause such transferee to be admitted to the Fund as a substitute Limited Partner; (v) the offering of, and/or participation in, co-investment opportunities; (vi) the right to withdraw from a Fund in the event of adverse tax or regulatory events or violations of law or policies or in the event the investor’s commitment in the Fund would exceed a certain percentage of a Fund’s aggregate commitments; (vii) additional confidentiality protections; (viii) reporting obligations of the General Partner; (ix) the right to disclose certain information to underlying investors, the public, regulators or certain other persons; (x) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of any such Limited Partner or its affiliates; (xi) modification of default remedies; (xii) investment pacing restrictions; (xiii) limits on indemnification; (xiv) rights relating to the appointment of a representative to serve as a member and/or observer of the Advisory Committee, (xv) or certain other terms whether economic, procedural or otherwise or (xvi) structuring rights with respect to certain types of investments.

Mainsail is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners (e.g., based on commitment amount to a Fund or the timing thereof, the ability of a Limited Partner to provide sourcing or other services to Mainsail, its affiliates and personnel or the Funds), or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Mainsail, its affiliates and personnel, or the Funds. Further, Side Letters may also relate to strategic

relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by the relevant Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Mainsail, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Mainsail to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant Limited Partner at the expense of the 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.

As a consequence of one or more Limited Partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a Limited Partner defaults on a drawdown in respect of an investment. Although Mainsail believes it to be unlikely, excuse or other rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in Limited Partner investment returns or exposure to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A Limited Partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more Limited Partners' voting rights generally will increase the voting rights percentage of other Limited Partners in the relevant Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

Mainsail 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 Mainsail 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.

Because Mainsail and its affiliates are permitted to retain certain fees and other amounts (e.g., External Fees) in connection with Fund investments as set forth in the Partnership Agreement, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, such fees are based on performance metrics or other attributes relating to a portfolio company, and there can be no assurance that the

amount of such fees charged, including fees paid to the Operations Team, will be proportional to the amount of hours of work performed on behalf of the portfolio company. In certain circumstances, Mainsail expects that co-investors, lenders, consultants or other parties from time to time will negotiate the right to share a portion of such fees from a particular investment, and any Management Fee offset percentage will be applied after excluding any amounts paid to such persons. Additionally, Mainsail, its personnel, affiliates or others designated by Mainsail, including Extended Network Advisors and other service providers expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received and subject to the Partnership Agreement, Mainsail and/or such other recipients will be permitted to retain such securities, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or Mainsail or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the Fund). In addition, because portfolio company securities are typically in the form of newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting the Fund's relative ownership of the portfolio company awarding such compensation.

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, Mainsail reserves the right to accrue, defer or forego payments of External Fees, and reserves the right to charge interest at then-available rates with respect to such amounts. In such cases, in accordance with the Partnership Agreement, Limited Partners will not receive the benefit of Management Fee offsets with respect to such amounts until they are actually received. For the avoidance of doubt, Mainsail also will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies. From time to time, portfolio companies owned by the Fund potentially will, portfolio companies owned by the Funds may be given the option to participate, at no cost, in purchasing, vendor or similar arrangements, whereby they may receive discounts negotiated with various vendors and service providers on a group-wide basis. Mainsail and its affiliates also may participate in such arrangements and receive similar benefits and discounts as the portfolio companies participating therein, and no benefit derived thereby will result in an offset to the Management Fee. Mainsail believes that the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the Funds) as a result of receiving discounted rates relative to those widely available in the market. Additionally, from time to time Mainsail, its affiliates and personnel and persons selected by them expect to 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. Discounted prices or better terms than typically available to independent customers offered by a portfolio company to Mainsail, any other portfolio company or third parties may affect the returns of the portfolio company.

In connection with its services to the Funds and their investments, Mainsail, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Mainsail's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Mainsail 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, “**Mainsail Information**”). In many cases, Mainsail Information will include tools, procedures and resources developed by Mainsail to organize or systematize Mainsail Information for ongoing or future use. Although Mainsail expects its Funds and their portfolio companies generally to benefit from Mainsail’s possession of information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Mainsail and its personnel) and not by the Fund or portfolio company from which Mainsail Information was originally received or derived. Mainsail Information will be the sole intellectual property of Mainsail and solely for the use of Mainsail. Additionally, certain 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.

The foregoing subjects Mainsail to potential conflicts of interest, because although it intends to initiate transactions and select or recommend service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance, Mainsail generally will have an incentive to recommend the related or other person because of its financial or business interest, including a person’s historical or potential future relationship with Mainsail and/or the investment (or amount of investment) to be made in the Fund by such person. Additionally, there is a possibility that Mainsail, because of such incentive or for other reasons (including whether the use of such persons could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Mainsail, the Fund or other investment funds sponsored by Mainsail or its affiliates), would favor a transaction, retention or continuation of services even if a better price and/or quality of service provider could be obtained from another person. Mainsail will not necessarily seek out the lowest cost options when incurring (or causing the Fund or its portfolio companies to incur) such expenses. Although Mainsail will generally seek appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not Mainsail has a relationship with or receives financial or other benefit from recommending a particular transaction or service provider, there can be no assurance that no other transaction would be more beneficial or that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. In addition, it is possible that the same service provider, or service providers providing similar services (e.g., an Extended Network Advisor and another third-party service provider), could charge different rates or amounts to different portfolio companies for the same or similar services based on a variety of factors including the complexity of the service with respect to a particular portfolio company, timing considerations, frequency of engagement by a portfolio company and/or the service provider’s familiarity with a portfolio company, market conditions and/or other considerations. Mainsail is subject to the potential conflicts of interest and incentives described above when recommending such service providers.

In connection with its services to the Fund and its investments, the Management Company, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of the Management Company's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, the Management Company's and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to the Fund or a portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics. In many cases, Mainsail Information will include tools, procedures and resources developed by the Management Company to organize or systematize Mainsail Information for ongoing or future use.

The relevant liability standards under insurance coverage procured by Mainsail are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in Mainsail's insurance coverage are higher or lower than that set forth in the Governing Documents.

In certain cases, Mainsail will have the opportunity (but generally no obligation unless otherwise agreed to with Limited Partners in side letters or the Partnership Agreement) to identify one or more secondary transferees of interests in the Fund. In such cases, Mainsail will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on eligibility and other factors similar to those employed in selecting co-investors as described below, and unless required by the Partnership Agreement, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Limited Partners.

Any of these situations subjects Mainsail and/or its affiliates to potential conflicts of interest. Mainsail attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Mainsail'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, Mainsail will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Mainsail 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**

Mainsail 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

Mainsail is affiliated with the General Partners and equivalent entities formed from time to time and subject to the Advisers Act pursuant to Mainsail's registration in accordance with SEC guidance. These affiliated entities operate as a single advisory business together with Mainsail and serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions.

One member of Mainsail's investment committee for certain of the Funds (the "**Outside Committee Member**") is a founder of a non-affiliated investment adviser (the "**Non-Affiliated Adviser**"). The Non-Affiliated Adviser serves as an investment adviser to certain private investment funds that are not affiliated with Mainsail or the Funds and that have different investment strategies and target markets (the "**Outside Funds**"). The Outside Committee Member maintains an interest (directly or indirectly) in certain of the General Partners and receives a portion of Carried Interest in connection with such interest. Further, the Outside Funds may maintain an investment in the Funds and/or invest alongside certain Funds in portfolio companies. Mainsail treats the Outside Committee Member as an "Access Person" under the Mainsail Code of Ethics (the "**Code**").

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

Mainsail has adopted the Code, which sets forth standards of conduct that are expected of Mainsail personnel and certain other persons as designated by the Chief Compliance Officer from time to time and addresses conflicts that arise from personal trading. The Code requires certain Mainsail personnel to report their personal securities transactions and prohibits or requires pre-clearance for directly or indirectly acquiring beneficial ownership or disposing of certain securities from the Mainsail Chief Compliance Officer. In addition, the Code requires such personnel to comply with procedures designed to prevent the misuse of, or trading upon, material non-public information. A copy of the Code will be provided to any investor or prospective investor upon request to Bill Salisbury, Mainsail's Chief Compliance Officer, at (512) 772-2260. 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.

Mainsail 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, Mainsail 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 Mainsail.

Accordingly, should Mainsail or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to public or non-public company, Mainsail generally would be prohibited from communicating such information to clients, and Mainsail will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable

law. Similar restrictions may be applicable as a result of Mainsail personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Fund.

As described above, principals and employees of Mainsail and its affiliates directly or indirectly own an interest in one or more Funds, including certain co-invest vehicles. Such co-investment vehicles may invest in one or more of the same portfolio companies as a Fund. Co-invest opportunities may also be presented to certain affiliates of Mainsail, as well as third party investors and other persons, and such co-investments may be effected through co-invest vehicles or directly in a particular portfolio company.

Mainsail and its affiliates, principals and employees expect to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in a Fund, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for, any Fund, even though their investment objectives may be the same or similar. Such investments may be (directly or indirectly through investment vehicles sponsored by potential competitors) in the same industry as the Fund invests, and may compete with the Fund for investment opportunities, and/or compete with portfolio companies of the Fund. The Governing Documents and investment programs of certain Funds generally restrict, limit or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds or may give priority with respect to investments to such Funds. Some of these restrictions could be waived by investors (or their representatives) in such Funds or be subject.

#### **BROKERAGE PRACTICES**

Mainsail focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions. Although Mainsail does not intend to engage in public securities transactions, to the extent it does so, it will adopt additional brokerage policies and procedures.

#### **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, Mainsail monitors companies in which the Funds invest, and the partners periodically check to confirm that each Fund is maintained in accordance with its stated objectives.

Each Fund generally will 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 periodically.

#### **CLIENT REFERRALS AND OTHER COMPENSATION**

Mainsail and/or its affiliates intend to provide certain business or consulting services to companies in a Fund's portfolio and expect to receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation will,

in certain cases, will offset a portion of the Management Fees paid by such Fund. However, in other cases (*e.g.*, reimbursements for out of pocket expenses directly related to a portfolio company), these fees are in addition to Management Fees. *See* “Fees and Compensation.”

Mainsail reserves the right to 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. These arrangements generally are disclosed in the relevant Fund’s Form D. Any fees payable to any such placement agents generally will be borne by Mainsail indirectly through an offset against the Management Fee under the Governing Documents, although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s).

## CUSTODY

Mainsail generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “**Custody Rule**”)) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance and intends to maintain such assets with the following qualified custodians: First Republic Bank, Merrill Lynch, Pierce, Fenner & Smith, Bank of America and JP Morgan Chase.

## INVESTMENT DISCRETION

Mainsail has discretionary authority to manage investments on behalf of each Fund. As a general policy, Mainsail does not allow clients to place limitations on this authority. Pursuant to the terms of the Governing Documents, however, Mainsail and/or its affiliates have entered, and expect to enter, into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partner’s investment in a Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. Mainsail assumes this discretionary authority pursuant to the terms of the Governing Documents and powers of attorney executed by the Limited Partners of such Fund.

## VOTING CLIENT SECURITIES

Mainsail has adopted the Mainsail Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how it will vote proxies, as applicable, for each Fund’s portfolio investments. The Proxy Policy seeks to ensure that Mainsail votes proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Mainsail generally believes its interests are aligned with those of each Fund’s investors, for example, through the principals’ beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that Mainsail may address the conflict using several alternatives or through other alternatives set forth in the Proxy Policy. Additionally, a Fund’s Advisory Committee is authorized to approve Mainsail’s vote in a particular solicitation. Mainsail does not consider service on portfolio company boards by Mainsail personnel or Mainsail’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 Mainsail when voting proxies on behalf of a Fund. Clients or investors that would like a copy of Mainsail's complete Proxy Policy or information regarding how Mainsail voted proxies for particular portfolio companies may contact Bill Salisbury, Mainsail's Chief Compliance Officer, at (512) 772-2260, and it will be provided at no charge.

#### **FINANCIAL INFORMATION**

Mainsail 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.