

ITEM 1 – COVER PAGE



FORM ADV PART 2A INVESTMENT ADVISER BROCHURE

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March 31, 2023

This Investment Adviser Brochure ("Brochure") provides information about the qualifications and business practices of Serent Capital Management Company, L.L.C. ("SCMC"). If you have any questions about the contents of this Brochure, please contact us at (415)310-0391. 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.

SCMC 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 SCMC is also available on the SEC's website at www.adviserinfo.sec.gov.

ITEM 2 - MATERIAL CHANGES

Serent Capital Management Company, L.L.C. filed its most recent Form ADV Part 2 on March 31, 2022. This annual amendment updates the description of the business practices of SCMC and its affiliates, and certain risks and potential conflicts of interest.

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ITEM 4 - ADVISORY BUSINESS

SCMC, a Delaware limited liability company and a registered investment adviser, provides investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere. SCMC commenced operations in March 2008.

SCMC's clients include the following (each, a "**Serent Capital Fund**," or "**Fund**," together with any parallel and alternative investment vehicles, the "**Serent Capital Funds**," or "**Funds**"):

- Serent Capital, L.P.;
- Serent Capital II, L.P.;
- Serent Capital III, L.P.;
- Serent Capital IV, L.P.;
- Serent Capital V, L.P.;
- Serent Capital Associates, L.P.;
- Serent Capital Associates-A, L.P.
- Serent Capital Associates II, L.P.;
- Serent Capital Associates III, L.P.;
- Serent Capital Associates IV, L.P.;
- Serent Capital Associates V, L.P.

The Serent Capital Funds are not registered under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and the securities of the Serent Capital Funds are not registered under the Securities Act of 1933, as amended (the "**Securities Act**").

The following entities are affiliated general partner entities to the above Serent Capital Funds:

- Serent Capital Partners, L.L.C.;
- Serent Capital Partners II, L.L.C.;
- Serent Capital Partners III, L.P.;
- Serent Capital Partners IV, L.P.; and
- Serent Capital Partners V, L.P.

(Each, a "**General Partner**" and together with SCMC and their affiliated entities "**Serent Capital**" or "**Serent**"). Each of the General Partners is a related person of SCMC and is under

common control with SCMC. While each General Partner retains management authority over the business and affairs, including investment decisions, of its respective Serent Capital Fund, SCMC has been delegated the role of investment adviser. The General Partners and their employees and personnel will be subject to the Advisers Act and rules thereunder, and to all of SCMC's compliance policies and procedures. Each of the personnel of the General Partners acting on its behalf will be deemed "persons associated with" SCMC (as that term is defined in section 202(a)(17) of the Advisers Act) and will be subject to SEC examination. As such, references to SCMC in this Brochure should also be considered references to the General Partners (and vice versa) in the appropriate context.

The partners of SCMC are Kevin Frick, David Kennedy, Lance Fenton, Prital Kadakia, and Stewart Lynn (collectively, the "**Partners**").

Each Serent Capital Fund is governed by a limited partnership agreement (each, a "**Partnership Agreement**") that specifies the specific investment guidelines and investment restrictions applicable to the Serent Capital Fund. In certain cases, the private placement memoranda or disclosure memoranda (herein "**private placement memorandum**") prepared for the investors of the Serent Capital Funds also contain information regarding the intended investment program for such Serent Capital Fund. SCMC, together with the General Partners, provides investment management and administrative services to the Serent Capital Funds in accordance with the applicable Partnership Agreements, private placement memorandum and other offering materials.

The investors in the Serent Capital Funds ("**Investors**") are primarily "qualified purchasers" (as defined in the Investment Company Act) and/or "accredited investors" (as defined in Regulation D under the Securities Act). SCMC generally has broad and flexible investment authority with respect to the Serent Capital Funds, the parameters of which are outlined within the applicable Partnership Agreement. Each Serent Capital Fund's investment objective and strategy is set forth in a Partnership Agreement and confidential private placement memorandum. All Investors in the Serent Capital Funds are provided with a Partnership Agreement and confidential private placement memorandum prior to subscription and are urged to carefully review those documents.

The Serent Capital Funds are private equity funds and invest through negotiated transactions in operating entities, generally referred to herein as "portfolio companies." SCMC's investment advisory services to the Serent Capital Funds consist of identifying and evaluating investment opportunities, negotiating the terms of investments, managing and monitoring investments and achieving dispositions for such investments. Investments are made predominantly in non-public companies. Where such investments consist of portfolio companies, the senior principals or other personnel of SCMC 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 Serent Capital Funds have invested.

Investors in Serent Capital Funds participate in the overall investment program for the applicable fund, but may be excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the relevant Partnership Agreement. The Serent Capital 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 of the Partnership Agreements.

Additionally, Serent Capital provides parallel investment vehicles for certain strategic business partners, other strategic associates, certain affiliates and qualified Serent Capital personnel ("**Associates Funds**"). The Associates Funds invest pari passu based on capital commitments with Serent Capital, LP, Serent Capital II, LP, Serent Capital III, LP, Serent Capital IV, LP, and Serent Capital V, LP ("**Main Funds**"). Serent Capital Funds' Partnership Agreements provide that Serent may provide (or agrees to provide) co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain Investors or other persons, including other sponsors, market participants, finders, consultants and other service providers and/or certain other persons associated with Serent Capital and/or its affiliates. It is expected that most co-investments would involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Serent Capital Fund making the investment. However, in limited circumstances, a co-investor may purchase a portion of an investment from a Serent Capital Fund after such Serent Capital Fund has consummated its investment in the portfolio company (also known as a post-closing sell-down or transfer). Such purchases from a Serent Capital Fund by a co-investor generally occurs shortly after the Serent Capital Fund's completion of the investment to avoid any changes in valuation of the investment, but in certain circumstances can occur a year or more after the Serent Capital Fund's initial investment at the then current fair market value of the investment as determined in Serent Capital's discretion. Co-investors may be charged interest on their purchase to compensate the relevant Serent Capital Fund for the holding period, and generally will be required to reimburse such Serent Capital Fund for related costs.

As of December 31, 2022, SCMC managed \$4,340,498,667 in client regulatory assets on a discretionary basis. SCMC does not manage regulatory assets on a non-discretionary basis.

ITEM 5 - FEES AND COMPENSATION

In general, SCMC receives a management fee and one of its affiliates, such as the General Partner, typically receives a carried interest in connection with advisory services. If SCMC receives any additional compensation in connection with management and other services performed for portfolio companies of Serent Capital Funds, except as discussed below, 100% of such additional compensation will offset the management fees otherwise payable to SCMC. Investors in the Serent Capital Funds also bear certain fund expenses discussed below.

Management Fees

Each of the Serent Capital Funds pay SCMC a management fee (the "**Management Fee**") based upon a percentage of such Serent Capital Fund's investor capital commitments ("**Commitments**"), subject to certain reductions, as more fully described in the Partnership Agreement of the Serent Capital Fund. Main Fund Management Fees applicable to Investors are paid quarterly in advance to SCMC and range from 2.00% - 3.00% of committed capital per annum. The Associates Funds' Management Fees are 50% of the Main Fund's Management Fees.

As permitted under each Serent Capital Fund's Partnership Agreement, Management Fees and/or carried interest (and related distributions) may be (and have been) waived and/or reduced at the discretion of SCMC. Management Fees are typically reduced by an amount equal to one-half of the capital contributions the General Partners would otherwise be required to contribute to the respective Serent Capital Fund, either in its capacity as General Partner of the partnership or in its capacity as the holder of limited partner interests in the Serent Capital Fund, if any. The

limited partners of the Serent Capital Funds may be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of the General Partner in connection with any such waiver or reduction as described above and, as a result, may result in an acceleration of Investor capital contributions and a corresponding decrease in Management Fees paid.

As is generally the case in private equity funds, the governing documents provide that a Serent Capital Fund's Management Fees will be calculated and charged on a basis that generally is not tied to the Serent Capital Fund's then-current net asset value. As further specified in the governing documents, Management Fees generally will be charged based on a formula tied to the amount of the relevant Serent Capital Fund's aggregate Commitments.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Serent Capital Fund's net asset value, including following the investment period, and will not be reduced in connection with any write downs. Management Fees will not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or partial sales of investments.

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

Carried Interest Allocation

An affiliate of SCMC, such as the respective General Partner, will receive a carried interest allocation with respect to the Serent Capital Main and Associates Funds, generally equal to 20% and 10%, respectively, of all realized profits, subject to an increasing amount once a specified return has been achieved (as more fully described in the Partnership Agreement of each Serent Capital Fund). The carried interest allocation distributed to the General Partner is subject to a potential giveback at the end of life of a Serent Capital Fund if the General Partner has received excess cumulative distributions.

It is expected that any future Serent Capital Funds will have a similar fee structure.

Further disclosure and conflicts surrounding the carried interest allocation as a performance-based fee is detailed in Item 6 of this Brochure.

Waiver and Other Compensation Arrangements

As discussed above, SCMC exempts certain Investors (including employees) in Serent Capital Funds from payment of all or a portion of Management Fees and/or carried interest, including SCMC and any other person designated by SCMC, such as affiliated personnel. As discussed above, the Associates Funds have reduced Management Fees and reduced carried interest allocations.

The Serent Capital Funds generally invest on a long-term basis. Accordingly, investment advisory and other fees are expected to be paid, except as otherwise described in the applicable Partnership Agreement, over the term of a Serent Capital Fund and Investors generally are not permitted to withdraw or redeem interests in a Serent Capital Funds, unless an exception is

approved by the General Partner.

Principals and other current or former employees of Serent Capital receive a portion of the carried interest received through general partner interests. As further discussed in Item 6 of this Brochure this can create a conflict of interest.

As stated above, the Management Fees will be reduced by 100% of transaction fees paid to SCMC in connection with Serent Capital Fund investments. Transaction fees are defined in the governing documents, but would include: (i) directors' fees, financial consulting fees, or advisory fees paid to a General Partner with respect to any Serent Capital Fund investment; (ii) transaction fees paid to a General Partner with respect to any Serent Capital Fund investment; and (iii) break-up fees with respect to Serent Capital Fund transactions not completed that are paid to Serent, in each case net of certain expenses as set forth in the relevant Partnership Agreement (but not including, in any event, any amount received by a General Partner or other person from a portfolio company) (A) as reimbursement for expenses directly related to such portfolio company, (B) as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, (C) as compensation for services provided by a General Partner and/or SCMC employees or other persons employed or retained by, or acting in a similar capacity for, such portfolio company pursuant to an employment arrangement or otherwise (including reimbursement for any compensation and employee benefits provided by SCMC) and related recruiting fees with respect to SCMC employees that are permanently employed by a portfolio company (in accordance with the Partnership Agreement), (D) with respect to the Services Program (as defined below), (E) as compensation for services rendered by Operating Partners (as defined below) to a portfolio company or prospective portfolio company in accordance with the Partnership Agreement or (F) any other fees or expenses approved by the advisory board.

Various costs and expenses will reduce transaction fees (and therefore such amounts will not reduce the Management Fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the General Partner in connection with any consummated or unconsummated transaction or in connection with generating any such transaction fees.

To the extent that any other fund or any other entity or individual co-invests alongside the Serent Capital Fund in any portfolio company investment, any transaction fees will be allocated among the Serent Capital Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, the Serent Capital Fund will, in most cases, only benefit from the Management Fee reduction described above with respect to its allocable portion of any such transaction fee (on a fully diluted basis) and not the portion of any fee allocable to any other investor in a portfolio company.

Compensation paid to SCMC employees who are permanently or temporarily seconded to a portfolio company in a bona fide management or consulting capacity is excluded from the categories of fees and income that generates such Management Fee offsets. This is a potential conflict in that SCMC may receive a potential benefit in the form of a reduction in overhead and salary and employment benefits it otherwise would have to pay for these employees. For example, Serent's Growth team employees are engaged to drive value creation initiatives at one or more portfolio companies identified through Serent's diligence. Growth team members may eventually be seconded by portfolio companies to serve in management capacities as officers of Serent Capital Fund portfolio companies. Once seconded, these individuals perform valuable services to the portfolio companies and in return receive compensation that is believed to be reasonable and

generally at market rates for the relevant services provided. However, because these individuals perform roles with companies which would otherwise require the companies to hire outside professionals, the compensation that these individuals receive is properly characterized as part of the companies' normal operating expenses and is not treated as fee income to Serent or its affiliates and, consequently, does not generate any Management Fee offset. Further details concerning the circumstances under which these and other types of fees and compensation are (or are not) deemed to trigger a Management Fee offset are set forth in the governing documents for the relevant Serent Capital Funds.

In accordance with Partnership Agreements, SCMC charges portfolio companies a "recruitment fee" (or similar fee) for any Growth team members that have been permanently employed or retained (as determined in good faith by the relevant General Partner) by portfolio companies subject to any limitations set forth in the Partnership Agreement. If such fee with respect to any Growth team member exceeds 35% of the annual cash compensation that such portfolio company agrees as compensation for such Growth team member, any amount in excess of such 35% threshold will offset the Management Fee to the extent provided in the relevant Partnership Agreement. SCMC reports on an annual basis the general amount of recruitment fees to the Serent Capital Fund advisory board(s).

From time to time, certain strategic investors that are limited partners in the Associates Funds may provide deal due diligence or serve as consultants, advisers/board members, or employees of portfolio companies. Any compensation (including without limitation, salaries, additional investment rights and similar cash and non-cash compensation and incentives) received, directly or indirectly, by such limited partners in respect of such portfolio companies will not reduce the Management Fee otherwise payable by a Serent Capital Fund to SCMC and will typically be borne by the portfolio companies. Therefore, all or a portion of such amounts will indirectly be borne by a Serent Capital Fund and not by SCMC via the Serent Capital Fund's ownership interest in such portfolio company. This subjects SCMC to conflicts of interest because although SCMC selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Serent Capital Fund, SCMC may have an incentive to recommend a person because of its financial or other business interest. There is a possibility that SCMC, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Serent Capital Funds or SCMC), may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not SCMC has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Expenses

In addition to the Management Fee and carried interest payable to SCMC and/or its affiliates, the Serent Capital Funds bear certain expenses. As set forth in each Serent Capital Fund's Partnership Agreement and/or confidential private placement memorandum, a Serent Capital Fund bears all expenses relating to the Serent Capital Fund and/or its subsidiaries' activities, investments, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or a potential portfolio company), including all fees,

costs, expenses, liabilities and obligations (referred to collectively in this definition as "**costs**") relating or attributable to: (i) activities with respect to the pursuing, structuring, investigating, organizing, negotiating, consummating, financing, refinancing, diligencing (including any subscriptions to any periodicals, databases, deal sourcing and/or research services), acquiring, bidding on, owning, managing, monitoring, operating, holding, (including expenses of portfolio tracking facilities), hedging, restructuring, trading, taking public or private, selling, valuing, winding up, liquidating, dissolving and disposing of such Serent Capital Fund's portfolio companies and its actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence software and service providers, consultants and similar professionals in connection therewith and any costs 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 Serent Capital Fund, SCMC, the General Partner or any "affiliated partner" on behalf of a Serent Capital Fund (including any credit facility, letter of credit or similar credit support), including the repayment of principal and interest with respect thereto, or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar activities (including costs thereof); (iv) broker (including real estate broker), dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker and similar services (including buy- and sell-side finders' fees as well as similar deal sourcing payments); (v) brokerage, sale, custodial, depository and local paying agent (including any depository appointed pursuant to the AIFMD), expenses of a Swiss representative and paying agent appointed pursuant to the Swiss Collective Investment Scheme Act dated June 23, 2006 ("**CISA**") (as amended) and/or the Financial Services Act 2018 (the "**FINSA**"), including any related law, rule or regulation relating to the implementation thereof; (vi) legal, accounting, research, (including costs associated with expert consultants, research reports, multimedia, analytical, database, news or other third-party research services and related terminals for the delivery of such services, research calls and meetings and research or industry conferences), auditing, administration (including costs associated with compliance with any anti-money laundering laws and regulations and any third-party administrator and administration, tracking or reporting software, if any, such as collecting, validating or verifying limited partners' payments or wire information, whether or not related to anti-money laundering laws), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services or software, including with respect to transactions entered into between a Serent Capital Fund and other investment vehicles affiliated with the General Partner, as well as costs related to the establishment or maintenance of such services), consulting (including consulting and retainer fees and other compensation provided to or on behalf of, Operating Partners (as defined below) or other consultants, including consultants performing investment initiatives, sourcing or identifying investment opportunities or providing services related to environmental, social and governance ("**ESG**") investment considerations and policies, and other consultants (including those with respect to go-to-market, supply chain, lean management and change management)), interest, tax, information technology and other professional services; (vii) reverse breakup, termination and other similar arrangements (including with respect to contemplated transactions that may have been offered to co-investors); (viii) insurance (including directors and officers liability, fidelity bond, cyber security, investment management liability, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory expenses, including any costs related to any retention or deductibles and broker fees,

costs and commissions) and the costs of any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies; (ix) filing, real estate, title, transfer, survey, environmental diligence, registration and other similar activities; (x) printing, communications, mailing, courier, marketing, advertising and publicity; (xi) the preparation, distribution or filing of Serent Capital Fund-related or investment-related financial statements or other reports, tax returns, tax estimates, Schedule K 1s or similar forms, other communications with partners or any other administrative, compliance or regulatory filings or reports (including Form PF and Bureau of Economic Analysis reports) or other information, including the costs of any third-party service providers and professionals related to the foregoing; (xii) costs associated with the reporting, filings or other ongoing compliance with the requirements contemplated by the AIFMD; (xiii) compliance with any financial account reporting regime applicable to a Serent Capital Fund, any alternative investment vehicle and/or the General Partner, including FATCA, the OECD Standard for Automatic Exchange of Financial Account Information - Common Reporting Standard and any similar laws, rules and regulations, and any costs of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software and any other technology-related expenses relating to items listed as Serent Capital Fund Expenses (including accounting, investor tracking, investor reporting, ledger systems, financial management and cybersecurity) or other administrative, monitoring or reporting tools (including subscription-based services); (xv) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with the EU Data Protection Law or FOIA); (xvi) to the extent provided in the relevant Partnership Agreement, or otherwise approved by the General Partner in its sole discretion, activities or proceedings of the advisory board (including any reasonable out-of-pocket costs and expenses incurred by representatives of the General Partner, the advisory board members, permitted observers and other persons in attending or otherwise participating in meetings of the advisory board); (xvii) indemnification obligations (including legal and any other costs incurred in connection with indemnifying any partner or other person pursuant to the relevant Partnership Agreement and advancing costs incurred by any such person in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the relevant Partnership Agreement), except as otherwise set forth in relevant Partnership Agreement; (xviii) actual, threatened or otherwise anticipated litigation, mediation, arbitration or other dispute resolution process, including the costs of any discovery related thereto and any judgment, other award or settlement entered into in connection therewith; and (xix) any annual, periodic or special limited partner meeting and any other conference, meeting or webcast or other videoconference with any Partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment and other meeting or conference-related costs) and any other activities necessitated by and incidental to a Serent Capital Fund's global investor base, in each case to the extent incurred by a Serent Capital Fund, a General Partner or any other affiliate thereof;

The Serent Capital Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including expenses of Serent and/or its affiliates. Generally included in the expenses permitted to be borne by a Serent Capital Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses (and/or other fees) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for

operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Serent Capital Fund and the portfolio company. Each Serent Capital Fund also generally will bear the costs of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Serent Capital Fund's strategy, including in Side Letters relating thereto. Additionally, subject to the governing documents, a Serent Capital Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Serent Capital Fund invests. As is typical for private equity funds, the Serent Capital Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to Investors will be commensurate with such expenses. Brokerage fees may be incurred in accordance with the practices set forth in Item 12, below.

The "**Services Program**" means certain in-house administrative, accounting, finance, legal, tax, capital markets, compliance, ESG, leverage purchasing or other similar services provided to the Serent Capital Funds and/or portfolio companies by employees of SCMC. The fees, costs and expenses, including, without limitation, compensation and other overhead, for such in-house services are a Serent Capital Fund expense as allocated by the General Partners and/or SCMC in their good faith discretion (and based on such metric as the General Partners and/or SCMC determine in good faith (which metric may change over time)), which amounts shall not be treated as transaction fees. For purposes of this definition, "compliance" includes fees, costs and expenses related to the maintenance of SCMC and its relying advisers' status as a registered investment adviser under the Investment Advisers Act (including Form ADV filing), any related examination by the U.S. Securities and Exchange Commission and ongoing compliance with the Investment Advisers Act and related U.S. federal or state or non-U.S. governmental or self-regulatory organization laws, rules or regulations that require SCMC and relying advisers to obtain or maintain a license, apply for, or otherwise rely upon, an exemption or otherwise be regulated in order to control or manage the affairs of the Serent Capital Funds (including the costs of any compliance consultants, legal counsel and similar service providers and the costs of any programs or software utilized by SCMC in connection with such matters); provided that the Serent Capital Funds shall only bear their ratable shares of such fees, costs and expenses based on their total assets under management and the assets under management of any other investment vehicles that shares in such costs, fees and expenses.

Additionally, as further described herein and in the governing documents, it is Serent's practice to employ, engage or retain certain operating partners ("**Operating Partners**," also referred to as "**Operating Executive Directors**") (including entities formed for the benefit of such persons and/or to facilitate the provision of their services) to provide services to (or in support of) SCMC, the General Partners and/or their respective investment professionals in connection with their investment activities on behalf of one or more Serent Capital Funds or certain current or prospective portfolio companies in which one or more Funds invest. Such Operating Partners generally provide executive and director services, manufacturing, sales, marketing, technology, human resources, acquisition integration/rationalization and/or other operations services, acquisition or other due diligence, or similar services to the Serent Capital Fund, any alternative investment vehicle or any portfolio company or prospective portfolio company of the Serent Capital Fund or any alternative investment vehicle. Any compensation, including fees, incentive equity or other stock awards, and any reimbursement of certain travel and other costs, received by the Operating Partners is expected to be paid by a portfolio company or prospective portfolio company (which payments are not included as transaction fees) or directly by the Serent Capital Fund. Compensation that Operating Partners receive from portfolio companies will offset the

retainer compensation paid by SCMC. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the relevant Fund's investment, and has the potential to result in economic effects greater than the original amount of compensation, and the relevant Fund typically will bear the costs of all Operating Partners compensation as well as fees, costs and expenses of structuring Operating Partners arrangements. Operating Partners also generally will be reimbursed for certain travel and other costs in connection with their services. As described above, no such amounts will offset or reduce the Management Fee. The use of Operating Partners subjects the General Partners to potential conflicts of interest, as discussed under "Conflicts of Interest," below.

As described above, the relevant General Partner has authorities to permit certain Investors to co-invest in portfolio companies alongside one or more Serent Capital Funds, subject to SCMC's related policies and the relevant Partnership Agreement(s) and/or Side Letter(s). Where a co-invest vehicle is formed, such entity will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Serent Capital 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, ultimately is not consummated, all broken deal expenses relating to such unconsummated transaction will be borne by the Serent Capital Fund(s), and not by any prospective co-investors that were to have participated in such transaction. The Main Funds and Associates Funds incur broken deal expenses pro rata based on capital commitments.

In addition, from time to time, broken deal expenses for an unconsummated transaction may be incurred by one Serent Fund and the same transaction may be consummated at a later time by a subsequent Serent Fund. In such instances, broken deal expenses incurred will not be reimbursed, and deal-related expenses may be lower for the consummating fund as a result of the broken deal expenses incurred by a prior fund.

At times, service providers are expected to perform services pertaining to multiple Serent Capital Funds or related entities. In such instances, SCMC will allocate the total expense to multiple entities, including a Serent Capital Fund(s), pro rata or using what it believes to be a fair and equitable allocation methodology, in accordance with SCMC's expense allocation procedures.

Deduction of Fees and Expenses

SCMC, or the General Partners, deduct fees and expenses applicable to the appropriate Serent Capital Fund directly from the Serent Capital Fund's assets. Investors do not have the ability to choose to be billed directly for fees incurred.

It is important that Investors refer to the relevant confidential private placement memorandum and/or Partnership Agreement for a complete understanding of how fees are paid to SCMC and what expenses they may pay through an investment in the Serent Capital Funds. The information contained herein is a summary only and is qualified in its entirety by such documents.

ITEM 6 - PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT

As described under Item 5 - Fees and Compensation, affiliates of SCMC typically receive a carried interest allocation on certain realized profits in each Serent Capital Fund. All Serent Capital Funds are subject to a carried interest allocation, although SCMC and the relevant General

Partner may waive any carried interest allocation with respect to certain affiliated partners as described under Item 5 - Fees and Compensation. In addition, the Associates Funds pay reduced carried interest, which creates an incentive to prioritize investments for the Main Funds. However, to mitigate the conflict, all investments and related expenses are allocated pro rata between Main Funds and Associate Funds typically based on committed capital.

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

ITEM 7 - TYPES OF CLIENTS

SCMC provides investment advice to the Serent Capital Funds as described in Item 4 – Advisory Business, above. The Investors may include individuals, banks or thrift institutions, other investment entities, university endowments, sovereign wealth funds, family offices, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, principals or other employees of SCMC and its affiliates and members of their families or other service providers (e.g., strategic investors in the Associates Funds) retained by SCMC.

Each Serent Capital Fund generally has a minimum investment amount between \$10,000 - \$1,000,000 for third-party Investors, and the Serent Capital Fund interests are generally offered and sold solely to those Investors meeting certain suitability requirements. Interests in the Associates Funds of the Serent Capital Funds are offered to accredited investors who are also qualified clients (or qualified knowledgeable Serent Capital personnel). Interests in the Main Funds are offered to qualified purchasers (or qualified knowledgeable Serent Capital personnel). Such minimum investment amount may be waived by SCMC.

ITEM 8 - METHODS OF ANALYSIS, INVESTMENT STRATEGIES AND RISK OF LOSS

General

SCMC focuses on making control investments in private companies that demonstrate the potential for profit and rapidly expanding services. SCMC's investment advisory services consist of identifying investment opportunities, negotiating the terms of such investments, managing and monitoring investments, and achieving dispositions for investments. Although investments are predominantly in non-public companies, investments in public companies are permitted by the Serent Capital Funds' limited Partnership Agreements.

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

Investment Strategy

SCMC's strategy is principally to make controlling investments in growing, profitable services companies and to help those companies drive EBITDA growth primarily by driving revenue growth. SCMC believes that entrepreneurs who have founded companies and grown them

to sizable ventures often need assistance to realize the full value of their companies. SCMC targets companies at this stage, where it believes augmentation of business building capabilities offers the greatest potential for future returns.

SCMC usually invests in businesses operating in growing markets and in businesses with scalable business models. While SCMC has a series of verticals in which it focuses (*e.g.*, healthcare services, financial services, media, education, public sector, and professional services), the specific sub-vertical focus will change over time as market trends evolve. In all cases, SCMC is looking for growing sectors with a fair degree of dislocation, creating opportunities for new businesses to emerge. SCMC considers investments that meet its criteria anywhere in North America.

SCMC typically takes control positions in investments with some or all of the following financial characteristics: (i) annual revenue of \$5 million to \$100 million and (ii) growth potential of 10% or more.

Operating Strategy

SCMC's operating model encompasses business building, sourcing, deal execution and liquidity.

Business Building. SCMC assists portfolio companies in developing their businesses in several ways, including (a) seeking to grow revenue by designing, refining, and implementing improved sales and marketing plans; (b) providing operational planning and support to address business growth and challenges; (c) building management teams by assisting CEOs in assessing personnel needs, interviewing key candidates and sourcing qualified candidates in seeking to achieve the growth potential of the businesses; and (d) providing financing to permit the businesses to grow.

Sourcing. SCMC sources from what it believes are the less efficient parts of the market, including:

- *Balancing top-down analysis with opportunism.* SCMC conducts top-down analysis to identify attractive spaces marked by high growth and high dislocation. SCMC also believes, however, that investing in superior business models is more important than artificial sector limitations. Hence, SCMC occasionally strays from its target verticals to invest in business models that it finds compelling.
- *Primary sourcing.* SCMC seeks to leverage in-house and other resources to identify and generate investment opportunities, which includes an extensive River Guide (*e.g.*, strategic investors) and Executive Networks. River Guides and Executive Network persons are also Investors in the Associates Funds.
- *Intermediaries.* SCMC works to build strong professional relationships with intermediaries. This approach requires SCMC to be rapid and transparent in its interactions and to work with intermediaries to help entrepreneurs understand how professional investors can help their business. SCMC actively works to develop relationships with large, national intermediaries, as well as regional intermediaries who have privileged relationships with entrepreneurs interested in seeking to exit or seeking a credible value proposition.

Deal execution. SCMC seeks to apply the analytical rigor of large-scale buyouts to the small buyout market. In addition to this thorough diligence, SCMC has deal structuring expertise to promote an alignment of interests with the sellers as well as properly leveraged equity capital.

Liquidity. The hold periods for SCMC's investments are longer than for the typical buyout firm on account of SCMC's focus on growth.

As a general matter, SCMC utilizes the methods of analysis and investment strategies described in the relevant Partnership Agreement provided to all Investors prior to the time of an investment. The information contained herein is a summary only and Investors and prospective Investors should refer to the respective Partnership Agreement for a complete overview of SCMC's methods of analysis and investment strategies.

An investment in the Serent Capital Funds involves a significant degree of risk. There can be no assurance that the Serent Capital Funds' targeted rate of return will be achieved or that there will be any return of capital. The environment for private equity investments is increasingly competitive and an Investor should only invest in the Serent Capital Funds if the Investor can withstand the liquidity constraints of an investment in the Serent Capital Fund and a total loss of its investment.

No guarantee or representation is made that the Serent Capital Funds' investment program will be successful.

Investors and prospective Investors are provided with a Partnership Agreement and confidential private placement memorandum, which contains a detailed description of the material risks related to an investment in the Serent Capital Funds, and are advised to carefully review all risk factors set forth in the relevant confidential private placement memorandum.

Risks of Investment

The Serent Capital Funds and their Investors bear the risk of loss that SCMC's investment strategy entails. The risks involved with SCMC's investment strategy and an investment in the Serent Capital Funds include, but are not limited to:

Competition for investments. The Serent Capital Funds compete with other entities for the acquisition of investments. Such competition may come from groups such as institutional investors, investment managers, operating companies, and merchant banks that have greater resources than the Serent Capital Funds and are owned by large and well-capitalized investors. There may be intense competition for investments of the type in which the Serent Capital Funds intend to invest, and such competition may result in less favorable investment terms than would otherwise be the case. The Serent Capital Funds may be unable to find a sufficient number of attractive opportunities to meet their investment objectives. There can, therefore, be no assurance that investments of the Serent Capital Funds will meet all the Serent Capital Funds' investment objectives, or that the Serent Capital Funds will be able to invest all of their available capital.

Long-term and illiquid investment within the Serent Capital Funds. An investment in the Serent Capital Funds is a long-term commitment. Interests in the Serent Capital Funds are highly illiquid and have no public market value. No secondary market for the interests exists, and no such market will be established or supported by SCMC. Furthermore, the sale or transfer of interests is

subject to approval of the relevant General Partner and other restrictions contained in each Serent Capital Fund's Partnership Agreement. Consequently, limited partners may not be able to liquidate an investment in the event of an emergency or for any other reason. An investment in the Serent Capital Funds is suitable only for persons and entities that have no need for liquidity with respect to their investment. The interests in the Serent Capital Funds have not been registered under the Securities Act of 1933, as amended, nor is any such registration contemplated.

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

Financial Institution Risk; Distress Events. An investment in a Serent Capital 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 Serent Capital 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, Serent, any General Partner, the Serent Capital 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 Serent to manage the Serent Capital Funds and their investments, and on the ability of Serent, 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 Serent Capital Fund 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 Serent Capital Fund to access capital contributions or otherwise); the inability of the Serent Capital Fund 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 Serent 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 Serent will experience operational burdens and expenses, and a Serent Capital 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 Serent 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 Serent Capital Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by Investors of a Serent Capital 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 Serent Capital 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 Serent and/or the relevant Fund 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 Serent seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Serent Capital Funds, Serent is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Market conditions. Any material change in the economic environment, including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates, could have a negative impact on the performance and/or valuation of the portfolio companies. The Serent Capital Funds' performance can be affected by deterioration in public markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and Investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Serent Capital Funds' performance. The value of publicly traded securities may be volatile and difficult to sell as a block, even following a realization through listing. The impact of market and other economic events may also affect the Serent Capital Funds' ability to raise funding to support their investment objectives and also the level of profitability achieved on realizations of investments.

Deterioration of credit markets may affect ability to finance and consummate investments. A deterioration of the global credit markets could make it more difficult for investment funds such as the Serent Capital Funds to obtain favorable financing for investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, could dramatically reduce investor demand for high yield debt and senior bank debt, which in turn could lead some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on

unattractive terms. The Serent Capital Funds' ability to generate attractive investment returns may be adversely affected to the extent the Serent Capital Funds are unable to obtain favorable financing terms for their investments. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of the Serent Capital Funds to realize their investments at favorable times or for favorable prices.

Inflation. Some countries, including the United States, are currently experiencing and may in the future experience substantial rates of inflation, which can have negative effects on their economies and securities markets. Governmental efforts to curb inflation (such as price controls) may involve drastic economic measures that also have the potential to negatively impact the economies and securities markets in countries in which the Serent Capital Funds invest. There can be no assurance that government interventions will be sufficient to adequately control inflation or that a high rate of inflation will not have a materially adverse effect on the Serent Capital Funds or their investments.

Investments in unseasoned companies. The Serent Capital Funds may invest a portion of their assets in privately held companies with limited histories of profit and stability. These companies may require considerable additional capital to develop technologies and markets, acquire customers and achieve or maintain a competitive position. This capital may not be available at all, or on acceptable terms. Such companies may face intense competition, including competition from established companies with much greater financial and technical resources, more extensive development, manufacturing, marketing and service capabilities, and a greater number of qualified managerial and technical personnel. Typically, although the Serent Capital

Funds will generally seek to be represented by at least one member of SCMC on a portfolio company's board of directors, each portfolio company will be managed on a day-to-day basis by its own officers (who generally will not be affiliated with the Serent Capital Funds or SCMC). Portfolio companies may have substantial variations in operating results from period to period and experience failures or substantial declines in value at any stage.

Buyouts, spinouts, divestitures, take-private investments. The Serent Capital Funds may invest a significant portion of their assets in buyouts, spinouts, divestitures, take-privates, turnarounds and corporate restructurings. Such investments are usually made in distressed companies with troubled operations, organization, management, products or services. Such portfolio companies are generally mature and may have had a history of substantial negative operating results. As a result, the Serent Capital Funds are generally required to invest substantial amounts of capital and time in such entities. The Serent Capital Funds would make such investments under the assumption that Serent Capital will be able to assist with the turnaround of such companies. There is no guarantee that the Serent Capital Funds will have sufficient capital to support such portfolio companies or that SCMC will possess, or properly use, the skills or resources necessary to achieve a positive result. In addition, if SCMC is unable to effectively assist such distressed companies, there is significant risk that the applicable Serent Capital Fund will not be able to recoup any of its investment in such entity. Furthermore, such investments generally require a considerable amount of SCMC's time and human capital. As such, the period within which a gain, if any, would be realized from such investments may be considerably longer than other investments.

Lack of diversification. The Serent Capital Funds may invest in a limited number of companies, sectors, countries or regions. To the extent the Serent Capital Funds concentrate their investments in a particular company, sector, country or region, their investments will become more susceptible to fluctuations in value resulting from adverse business or economic conditions affecting that particular company, country or region. As a consequence, the aggregate return of the Serent Capital Funds may be adversely affected by the unfavorable performance of one or a small number of companies, sectors, countries or regions in which the Serent Capital Funds have invested. In certain cases, the Serent Capital Funds may acquire majority or 100% interests in a limited number of portfolio companies, which could further increase the vulnerability of the Serent Capital Funds' portfolio. Currently, the Serent Capital Funds intend to focus their investments primarily in services companies, and any downward trends in related sectors could have a material adverse effect on the Serent Capital Funds' performance.

Commodity price exposure. A Serent Capital Fund portfolio company may have significant exposure to commodity price risk, including the price of oil and gas. The operation and cash flows of such portfolio company may indirectly depend, in substantial part, upon prevailing market prices for certain energy commodities, particularly oil and gas. These market prices may fluctuate materially depending upon a wide variety of factors, including, without limitation, weather conditions, foreign and domestic market supply and demand, force majeure events, changes in law, governmental regulations, price and availability of alternative fuels and energy sources, international political conditions including those in the Middle East, actions of the Organization of Petroleum Exporting Countries (and other oil producing nations) and overall economic conditions.

Dynamic Investment Strategy. While the General Partners generally intend to seek attractive returns for the Serent Capital Funds through the investment strategy and methods described herein, the General Partners may pursue additional investment strategies and may modify or depart from their initial investment strategy, investment process or investment techniques to the extent they determine such modification or departure to be appropriate and consistent with the relevant Partnership Agreement(s). The General Partners may pursue investments outside of the industries and sectors in which SCMC has previously made investments or has internal operational experience.

Growth Equity Transactions. The Serent Capital Funds may make growth-equity investments. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Availability of investment capital. Investments in both growing and distressed companies can often require a large initial investment with a commitment of continued financial support. If an Investor does not have funds available to participate in subsequent rounds of financing, that shortfall may have a significant negative impact on both the portfolio company and the value of such Investor's original investment. Although it will be the Serent Capital Funds' policy to maintain

some liquidity to allow it to participate in follow-on rounds of financings, the Serent Capital Funds may not intend to provide all necessary follow-on financing. In such cases, third-party sources of financing will be required. There is no assurance that such additional sources of financing will be available, or, if available, will be on terms beneficial to the Serent Capital Funds.

Lack of liquidity within investment portfolio. The marketability and value of each of the Serent Capital Fund's investments depends upon many factors beyond SCMC's control. Generally, the investments made by the Serent Capital Funds are illiquid and difficult to value, and there is little or no collateral to protect an investment once made. At the time of the Serent Capital Funds' investment, a portfolio company may lack one or more key attributes (e.g., operational stability, consistent growth or complete management team) necessary for success. There may be no readily available market for the Serent Capital Funds' investments, and the disposal of a portfolio investment by the Serent Capital Funds may be prohibited or delayed many years from the date of initial investment for legal, contractual and/or regulatory reasons. Volatility in the debt and equity markets and overall business environment may adversely affect the development of portfolio companies, the ability of the Serent Capital Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Serent Capital Funds.

Risks of certain dispositions. In connection with the disposition of an investment in a portfolio company or otherwise, the Serent Capital Funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. It may also be required to indemnify the purchasers of such investment to the extent that any such representations are inaccurate. These arrangements may result in contingent liabilities, which might ultimately need to be funded by the Serent Capital Funds.

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

Need for Add-On Investments. Following their initial investment in portfolio companies, the Serent Capital Funds may decide to provide additional funds to certain portfolio companies or may have the opportunity to increase their investment in portfolio companies, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or other reasons. There is no assurance that the Serent Capital Funds will make add-on investments or that the Serent Capital Funds will have sufficient funds to make all or any of such investments. Any decision by the Serent Capital Funds not to make add-on investments or their inability to make such investments may have a substantial negative impact on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for the Serent Capital Funds to increase their participation in a successful operation.

Controlling investments. The Serent Capital Funds may own a majority of a portfolio company and be able to elect one or more of its directors. With respect to an investment in a

distressed company, the Serent Capital Funds may elect to insert certain of their employees or affiliates into key management positions within such company to assist in the entity's daily operations. As a result, the Serent Capital Funds may be viewed as controlling such a portfolio company, or being a controlling shareholder. To the extent the valuation of such a portfolio company decreases, the Serent Capital Funds may be exposed to lawsuits by discontented minority shareholders. Even if such lawsuits prove to be without merit, the Serent Capital Funds may be required to expend significant resources defending themselves and their affiliates.

Indemnification. The Serent Capital Funds will be required to indemnify SCMC and its affiliates, and their respective officers, employees, directors, agents, stockholders, members and partners and members of the advisory board (and those limited partners affiliated with advisory board members), and to the extent determined by SCMC and its affiliates, Serent Capital Fund employees and agents, for liabilities incurred in connection with the affairs of the Serent Capital Funds. Such liabilities may be material and have an adverse effect on the returns to the limited partners. For example, in their capacity as directors of portfolio companies, the members, managers, partners, agents or affiliates of SCMC may be subject to derivative or other similar claims brought by shareholders of such companies. The indemnification obligations of the Serent Capital Funds would be payable from the assets of the applicable Serent Capital Fund, including the unfunded commitments of the limited partners. If the assets of the Serent Capital Funds are insufficient, the General Partners may recall distributions previously made to the limited partners, subject to certain limitations in the Serent Capital Funds' Partnership Agreements.

Tax risk. The Serent Capital Funds may invest in portfolio companies in countries where tax laws are difficult to understand, subject to different interpretations and/or inconsistently enforced. Any such portfolio company in which the Serent Capital Funds invest could therefore have significantly higher tax liabilities than anticipated, causing a material adverse effect on its financial condition and results of operations.

Economic and political risks. To the extent the Serent Capital Funds make investments in companies with headquarters, or substantial assets, outside of the United States, such investments may be subject to additional economic and political risks. Governments of many foreign countries have exercised and continue to exercise substantial influence over many aspects of the private sector. Accordingly, future government actions could have a significant effect on the economic environment in such countries, which could affect the availability, purchase price and returns of portfolio investments of companies affected by such governments.

Foreign currency and exchange rate risks. Serent Capital Funds' assets and income of investments made outside the United States may be denominated in various currencies. Contributions and distributions, however, will be denominated in U.S. dollars. As a result, the return of the Serent Capital Funds on any non-US investment may be adversely affected by fluctuations in currency exchange rates, any future imposed devaluations of local currencies, inflationary pressures and the success of the investment itself. As a general policy, the Serent Capital Funds do not intend to engage in hedging against currency risk. In addition, the Serent Capital Funds may incur costs in connection with conversions between various currencies.

Material Non-Public Information. SCMC frequently comes into possession of confidential or material non-public information. In certain instances, SCMC and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Serent Capital Funds. Although infrequent, the Serent Capital Funds may be restricted from

initiating a transaction or selling an investment which, if such information had not been known to such Serent Capital Fund, may have been undertaken on account of applicable securities laws or SCMC's internal policies. Due to these restrictions, the Serent Capital Funds may not be able to make an investment that they otherwise might have made or sell an investment that they otherwise might have sold.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Serent Capital Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Serent Capital Fund's investments because, among other things, the securities of portfolio companies held by such Serent Capital Fund generally will be illiquid and not quoted on any exchange. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Serent Capital Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation.

Cybersecurity Risks. Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject, particularly operating companies in historically vulnerable industries such as the food services and retail industries. To the extent that a portfolio company, Fund, General Partner, Serent or one or more of their respective service providers is subject to cyber-attack or other unauthorized access is gained to their systems, substantial losses may occur in the form of stolen, lost or corrupted: (i) data or payment information; (ii) financial information; (iii) software, contact lists or other databases; (iv) proprietary information or trade secrets; or (v) other items. If technology systems are compromised, become inoperable for extended periods of time or cease to function properly, Serent, the General Partners, the Serent Capital Funds and/or portfolio companies may incur significant 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 Serent's, the General Partners', the Serent Capital Funds', portfolio companies' and/or service providers' 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). 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, and the risks of attack are expected to be heightened in remote work environments. Any of such circumstances could subject a portfolio company, or the relevant 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. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at Serent or one of its service providers holding its financial or investor data, Serent, its affiliates or the Serent Capital Funds may also be at risk of loss, despite efforts to prevent and mitigate such risks under Serent's policies and practices.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "**Privacy Laws**") 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 Serent, the General Partners, the Serent Capital Funds and/or their 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 Serent, the General Partners, the Serent Capital Funds and/or their 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 Serent, the General Partners, the Serent Capital Funds and/or their portfolio companies.

Public Health Risk. Certain countries have been susceptible to epidemics, such as severe acute respiratory syndrome, avian flu, H1N1/09 flu and most recently, the coronavirus. The outbreak of an infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on the economy, and business activity in any of the locations in which the Serent Capital Fund may invest or where portfolio companies transact and thereby adversely affect the performance of the Serent Capital Funds' investments.

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

costly at the time a Serent Capital Fund determines that it is desirable to sell all or a part of a portfolio company, the Serent Capital Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Furthermore, the companies in which a Serent Capital Fund invests generally will not be rated by a credit rating agency. Except where otherwise required by the relevant governing documents, a Serent Capital Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Serent Capital Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

A Serent Capital Fund is also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that such Fund would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Serent Capital Fund generally also will result in fees, interest expense and other costs to such Fund that may not be covered by distributions made to such Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. A Serent Capital Fund generally is permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by Serent or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have 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 Serent Capital Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Serent Capital Fund incurs leverage (or provides such guaranties), such amounts are permitted to be secured by Commitments made by such Fund's Investors and such Investors' contributions may be required to be made directly to the lenders instead of such Fund.

To the extent a Serent Capital Fund provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of such bridge financing will not be recouped within the time period specified in the governing documents, in which case the investment would be treated as a permanent investment of the Serent Capital Fund. As a result, the relevant Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under the Serent Capital Fund's investment limitations, certain of which exclude bridge financing investments.

Subscription Lines. A Serent Capital Fund generally is permitted to enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Serent Capital Fund's investments). 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 relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Serent Capital 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 Serent Capital Fund would likely be subordinate to the Serent Capital Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by Investors. 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, 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. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the governing documents, 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 relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Serent Capital Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Serent Capital Fund, or results in short-term gains to a Serent Capital Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Serent Capital Fund's carried interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Serent Capital 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 Serent Capital 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. 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 co-investing Funds) as, to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor Investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Serent Capital Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in a Serent Capital Fund or impose concentration or other limits on the Serent Capital Fund's investments, and/or financial or other covenants, that could affect the implementation of the Serent Capital Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may 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 bear higher rates under a borrowing facility than are borne by the Serent Capital Fund, resulting in a potential net benefit to the Serent Capital Fund, or 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 a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. 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 relevant General Partner

called smaller amounts of capital incrementally over time as needed by a Serent Capital 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. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Serent for expenses incurred on behalf of the relevant Fund. A Serent Capital Fund is also permitted to utilize Fund-level borrowing when a 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 a Serent Capital 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, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the governing documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Serent Capital Fund's investments 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 always repaid out of disposition proceeds).]

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 Serent 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 Serent 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 Serent believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by Serent 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 investment; 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 investment 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 Serent Capital Fund or limited partner and those of Serent or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Serent 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, Serent, 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 Serent requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Serent 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 Serent Capital Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio investments 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 Serent 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 board prior to the closing of the transaction, there can be no assurance that the Serent will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, Serent reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant governing documents Serent is permitted to seek the consent of the relevant Fund advisory board 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 Serent Capital 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.

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 Serent Capital 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 Serent Capital 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 Serent Capital Fund, its General Partner, or Serent who were or may in the future be granted direct or indirect interests in carried interest, which could make it more

difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Serent Capital Fund. This creates potential incentives for Serent to cause a Serent Capital 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.

Conflicts of Interest

SCMC 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 Serent Capital Funds, and providing transaction-related, investment advisory, legal, management and other services to Serent Capital Funds and portfolio companies. In the ordinary course of SCMC conducting its activities, the interests of a Serent Capital Fund may conflict with the interests of SCMC, one or more other Serent Capital Funds, portfolio companies or their respective affiliates. Certain of these conflicts of interest are discussed herein. As a general matter, SCMC will determine all matters relating to structuring transactions and Serent Capital Fund operations using its best judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory boards of the participating Serent Capital Funds. The Associates Funds are typically bound to "drag along" provisions that enable the Main Funds' advisory boards and/or limited partners consent conflicts and Partnership Agreement changes on behalf of the Associates Funds. However, all such Main Fund consents/votes will be disclosed to Associates Funds limited partners after the fact.

From time to time, SCMC may be presented with investment opportunities that would be suitable for more than one Serent Capital Fund. In determining which Serent Capital Fund should participate in such investment opportunities, SCMC and its affiliates are subject to conflicts of interest among the Investors in such investment vehicles. Investments by more than one client of SCMC in a portfolio company may also raise the risk of using assets of a client of SCMC to support positions taken by other clients of SCMC.

SCMC must first determine which Serent Capital Fund(s) will, or are required to, participate in the relevant investment opportunity. SCMC generally assesses whether an investment opportunity is appropriate for a particular Serent Capital Fund based on the Serent Capital Fund's Partnership Agreement, investment objectives, strategies, life-cycle and structure. SCMC will determine if the amount of an investment opportunity in which a Serent Capital Fund will invest exceeds the amount that would be appropriate for such Serent Capital Fund and any such excess may be offered to one or more potential co-investors, as determined by the Partnership Agreements, Side Letters and SCMC's procedures regarding allocation. SCMC's procedures permit it to take into consideration a variety of factors in making such determinations, including but not limited to: perceived ability to quickly execute on transactions; expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; SCMC'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 SCMC's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; whether SCMC believes that allocating investment opportunities

to an Investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Serent Capital Funds or SCMC; and other appropriate factors.

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

SCMC's allocation of investment opportunities among the persons and in the manner discussed herein may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to others. While SCMC 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 Serent Capital 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 have been if the conflicts of interest to which SCMC may be subject, discussed herein, did not exist.

Conflicts may arise when a Serent Capital Fund makes investments in conjunction with an investment being made by another Serent Capital Fund, or if it were to invest in the securities of a company in which another Serent Capital Fund has already made an investment. A Serent Capital Fund may not, for example, be able to invest through the same investment vehicles or have the same access to lines of credit as other Serent Capital Funds. This may result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Serent Capital Fund and the other parallel Serent Capital Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. SCMC and its affiliates may express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on one Serent Capital Fund's investments will be the same as the returns obtained by other Serent Capital Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to all Serent Capital Funds. In that regard, actions may be taken for one or more Serent Capital Funds that adversely affect other Serent Capital Funds. Due to different credit profiles, certain earlier vintage Associates Funds do not have established lines of credits similar to Main Funds, and therefore may experience material performance differences. It is expected that recently formed Associates Funds will have similar line of credit access and use.

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

As a general matter, Serent Capital Fund ongoing expenses typically will be allocated

among all relevant Serent Capital Funds and parallel vehicles eligible to reimburse expenses of that kind in accordance with SCMC's expense allocation policies and procedures. In all such cases, subject to applicable legal, contractual or similar restrictions, expense allocation decisions will generally be made by SCMC or its affiliates using their best judgment, considering such factors as they deem relevant, but in their sole discretion. The allocations of such expenses may not be proportional. The Serent Capital Funds have different expense reimbursement terms, including with respect to Management Fee offsets, which may result in the Serent Capital Funds bearing different levels of expenses with respect to the same investment.

As a result of the Serent Capital Funds' controlling interests in portfolio companies, Serent Capital typically has the right to appoint portfolio company board members, or to influence their appointment. From time to time, portfolio company board members approve amounts reimbursable to SCMC. Such amounts will be in addition to any Management Fees or carried interest paid by a Serent Capital Fund to SCMC.

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

SCMC, from time to time, employs personnel with pre-existing ownership interests in portfolio companies owned by the Serent Capital Funds or other investment vehicles advised by SCMC and/or its affiliates; conversely, former personnel or executives of SCMC and/or its affiliates may serve in significant management roles at portfolio companies or services providers recommended by SCMC. Similarly, SCMC, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including managers of private funds, banks and brokers. 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, SCMC and/or its affiliates, and/or the Serent Capital Funds or other investment vehicles they advise. SCMC may have a conflict of interest with a Serent Capital Fund in recommending the retention or continuation of a third-party service provider to such Serent Capital Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Serent Capital Funds, will provide SCMC information about markets and industries in which SCMC operates (or is contemplating operations) or will provide other services that are beneficial to SCMC. SCMC may have a conflict of interest in making such recommendations, in that SCMC has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Serent Capital Fund, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Serent Capital Fund.

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

As a result of the various forms in which Operating Executive Directors may be compensated and by whom, as well as SCMC's role in determining whether an Operating Executive Director will provide services to a portfolio company, serve on its board of directors or be hired as an executive officer, and the potential economic benefits to SCMC, conflicts of interest and risks can arise when SCMC is determining whether an Operating Executive Director will provide those services or serve in those capacities. To monitor this conflict, SCMC has oversight procedures designed to periodically confirm that value of the services, expertise and overall benefits provided by such Operating Executive Directors are commensurate with the direct or indirect costs to the Serent Capital Funds. In addition, all Operating Executive Directors are subject to agreements and/or must complete certifications that include, among other things, provisions to address compliance with federal securities regulations, confidentiality, and periodic conflict reporting.

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

Because SCMC's carried interest allocation is based on a percentage of net realized profits, it may create an incentive for SCMC to cause a Serent Capital Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from Investors in a Serent Capital Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Serent Capital Fund, based upon capital invested by such Serent Capital Fund, this fee structure may create an incentive to deploy capital when the SCMC may not otherwise have done so.

Serent 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 Serent Capital Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Serent, its affiliates and personnel or the Serent Capital Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Serent, its affiliates and personnel, or the Serent Capital Funds. Further, Side Letters may also relate to strategic relationships under which an Investor agrees to make Commitments to multiple Funds. Except where required by 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 Serent Capital Fund, Serent, 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 Serent 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 relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. Serent 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 Serent Capital Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Serent, its affiliates and personnel or the Serent Capital Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Serent, its affiliates and personnel, or the Serent Capital Funds. Further, Side Letters may also relate to strategic relationships under which an Investor agrees to make Commitments to multiple Funds. Except where required by 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 Serent Capital Fund, Serent, 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 Serent 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 relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

Principals and employees of SCMC may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio company and its shareholders. In certain circumstances (for example in situations involving bankruptcy or near-insolvency of a portfolio company), actions that may be in the best interests of the portfolio company may not be in the best interests of a Serent Capital Fund, and vice versa. Accordingly, in these situations, there may be conflicts of interests between such individual's duties as an employee of SCMC and such individual's duties as a director of such portfolio company.

SCMC's Growth team negotiates vendor group discounts for shared services that are made available and believed to benefit certain Serent Capital Fund portfolio companies. SCMC in turn may benefit in the form of those same negotiated group discounts for those shared services in connection with Serent's expenses. As an example, benefits may include reduced or subsidized rates for accounting software, travel, or other office equipment overhead expenses. To manage and mitigate any potential conflict of interest, SCMC has implemented policies and procedures that include initial and ongoing reviews of its third-party service providers. In addition, while SCMC may benefit from a discount, the aforementioned reviews are intended to prevent entering into discounts or fee arrangements with greater benefits for SCMC than the Funds it advises or portfolio companies owned by the Funds.

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

ITEM 9 - DISCIPLINARY INFORMATION

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

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

SCMC is affiliated with the General Partners. SCMC and the General Partners operate as a single advisory business and serve as managers or general partners of private investment funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions. As described in Item 6, the General Partners are entitled to receive performance-based compensation from the Serent Capital Funds, which may in certain circumstances create a conflict of interest, as described in Item 8 above.

As described in greater detail under Item 11, below, SCMC employees infrequently personally directly or indirectly own interest in certain companies prior to Serent Capital Funds investing in the same company. This practice presents a potential conflict of interest. SCMC manages this conflict of interest through rigorous enforcement of its Code of Ethics (as described below). Please refer to Item 11 for additional information.

ITEM 11 - CODE OF ETHICS, PARTICIPATION OR INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

SCMC has adopted the Code of Ethics and Securities Trading Policy (the "**Code**"), which sets forth standards of conduct that are expected of SCMC principals and employees and addresses conflicts that arise from personal trading. The Code requires certain SCMC personnel to report their personal securities transactions, requires pre-clearance for SCMC personnel to directly or indirectly acquire beneficial ownership or dispose of securities in an initial public offering, and prohibits SCMC personnel from directly or indirectly acquiring beneficial ownership of securities via limited offerings, without first obtaining approval from the SCMC 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 Darren Ondrey, the SCMC Chief Compliance Officer. Personal securities transactions by employees are required to be conducted in a manner that prioritizes the client's interests in client-eligible investments.

Accordingly, should SCMC or any of its affiliated persons come into possession of material

nonpublic or other confidential information with respect to any public company, SCMC would be prohibited from communicating such information to clients, and SCMC will have no responsibility or liability for failing to disclose such information to clients as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of and if SCMC personnel were serving as directors of public companies and may restrict trading on behalf of clients, including the Serent Capital Funds.

Principals and employees of SCMC and its affiliates directly or indirectly own an interest in one or more Serent Capital Funds, Associates Funds or certain co-invest vehicles. To the extent that co-invest vehicles exist, such vehicles may invest in one or more of the same portfolio companies as a Serent Capital Fund.

ITEM 12 - BROKERAGE PRACTICES

SCMC focuses on securities transactions of private companies and generally purchases and sells such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, SCMC may also distribute securities to Investors in the Serent Capital Funds or sell such securities, including through use of a broker-dealer, if a public trading market exists. Although SCMC does not intend to regularly engage in public securities transactions, to the extent it does so, it follows the brokerage practices described below.

If SCMC sells publicly traded securities for a Serent Capital Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for the accounts it manages. In such event, SCMC may consider a variety of factors when selecting a broker, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

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

SCMC does not currently anticipate allocating brokerage business on the basis of research services.

In SCMC's private company securities transactions on behalf of the Serent Capital Funds, SCMC may retain one or more broker-dealers or investment banks, the costs of which will be borne by the relevant Serent Capital Fund and/or its portfolio companies. In determining to retain such parties, SCMC may consider a variety of factors, including: (i) capabilities with respect to the type of transaction being contemplated; (ii) commissions or fees charged; (iii) reputation of the firm being considered; and (iv) responsiveness to requests for information. As a result, although SCMC generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Serent Capital

Funds may not pay the lowest commission or fee for such services.

ITEM 13 - REVIEW OF ACCOUNTS

The investments made by the Serent Capital Funds are generally private, illiquid and long-term in nature. All investment decisions are made by SCMC's investment committee. SCMC regularly reviews and monitors its portfolio companies. SCMC reviews various metrics, including but not limited to the valuation, budgets, and overall performance of its portfolio companies.

The Serent Capital Funds will provide to its limited partners (i) annual U.S. GAAP audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, and (iii) quarterly and/or annual reports. With respect to (i) above, limited partners in Associates Funds may not receive quarterly unaudited financial statements, certain performance tear sheets, or SCMC's annual general meeting materials, and accordingly do not have access to as much portfolio transparency as Main Fund Investors.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

SCMC does not currently engage or compensate third party referral agents to solicit new clients.

ITEM 15 – CUSTODY

In accordance with Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"), SCMC is deemed to have custody of Serent Capital Fund funds or securities since an affiliate of SCMC serves as the General Partner of each Serent Capital Fund. As a result, each Serent Capital Fund is audited by an independent accounting firm that is both registered and subject to the inspection of the PCAOB. The financial statements are delivered to each Investor in the Serent Capital Funds within 120 days following the Serent Capital Funds' fiscal year-end.

ITEM 16 - INVESTMENT DISCRETION

SCMC has discretionary authority to manage investments on behalf of the Serent Capital Funds. SCMC does not allow Investors to place limitations on this authority.

ITEM 17 - VOTING CLIENT SECURITIES

SCMC has adopted the Serent Capital Proxy Voting Policies and Procedures (the "**Proxy Policy**") to address how it will vote proxies, as applicable, for each Serent Capital Fund's portfolio investments. Given SCMC's business as a private equity fund manager, it is anticipated that it will be extremely rare that SCMC will receive proxies with respect to securities held on behalf of the Serent Capital Funds. To the extent that SCMC controls a portfolio company, such voting will not be required. However, there are situations where private companies could have proxy issues (e.g. a private company needs approval of Investors to make changes to board of directors, auditors, etc.). In such situations, SCMC would have authority to vote proxies on behalf of Serent Capital Funds (assuming that SCMC does not otherwise have control over the portfolio company and exercise such authority through control of the portfolio company's board of directors).

The Proxy Policy seeks to ensure that SCMC votes proxies (or similar instruments) in the best interest of the Serent Capital Funds, including where there may be material conflicts of interest in voting proxies. SCMC generally believes its interests are aligned with those of the Serent Capital Funds' Investors, for example, through the principals' beneficial ownership interests in the Serent Capital Funds, and therefore will not seek Investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that SCMC may address the conflict using several alternatives, including by seeking the approval or concurrence of the Serent Capital Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, each Serent Capital Fund's advisory board may approve SCMC's vote in a particular solicitation. SCMC does not consider service on portfolio company boards by SCMC's personnel or SCMC's receipt of management or other fees from portfolio companies, if any, 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 SCMC when voting proxies on behalf of the Serent Capital Fund. If you would like a copy of SCMC's complete Proxy Policy or information regarding how SCMC voted proxies for particular portfolio companies, please contact Darren Ondrey, SCMC's Compliance Officer, and it will be provided to you at no charge.

ITEM 18 - FINANCIAL INFORMATION

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

SCMC is not currently aware of any financial condition that is reasonably likely to impair its ability to meet contractual commitments to Serent Capital Funds or Investors.

SCMC has not been the subject of any bankruptcy petition.