

**INVESTMENT ADVISER BROCHURE**

**SENTINEL CAPITAL PARTNERS, L.L.C.**

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New York, NY 10017**

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**March 31, 2023**

**This Investment Adviser Brochure (this “Brochure”) provides information about the qualifications and business practices of Sentinel Capital Partners, L.L.C., a Delaware limited liability company (“Sentinel LLC”). If you have any questions about the contents of this Brochure, please contact us at (212) 688-3100 or [info@sentinelpartners.com](mailto:info@sentinelpartners.com). 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.**

Sentinel LLC 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 Sentinel LLC is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

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## MATERIAL CHANGES

Sentinel Capital Partners, L.L.C. filed its most recent Form ADV Part 2 on March 31, 2022 (the “**Previous Brochure**”). This annual amendment updates certain descriptions of the business practices of Sentinel LLC and its affiliates.

## ADVISORY BUSINESS

Sentinel is a private investment management firm, including a registered investment advisory entity and other investment advisers and entities affiliated with Sentinel Capital Partners, L.L.C., a Delaware limited liability company (“**Sentinel LLC**” and, together with such affiliated organizations, collectively, “**Sentinel**”), that manages approximately \$10,029,949,464 in private fund assets as of December 31, 2022.

Sentinel LLC is a registered investment adviser that commenced operations in November 1995. Sentinel LLC and its affiliated entities, Sentinel Partners IV, L.P. (“**Sentinel IV GP**”), Sentinel Partners V, L.P. (“**Sentinel V GP**”), Sentinel Partners VI, L.P. (“**Sentinel VI GP**”), Sentinel Partners VII, L.P. (“**Sentinel VII GP**”), Sentinel Junior Partners I, L.P. (“**Sentinel Junior Capital I GP**”), Sentinel Junior Partners II, L.P. (“**Sentinel Junior Capital II GP**”), Sentinel Continuation Partners I, L.P. (“**Sentinel Continuation I GP**”), and collectively together with Sentinel IV GP, Sentinel V GP, Sentinel VI GP, Sentinel VII GP, Sentinel Junior Capital I GP and Sentinel Junior Capital II GP and any future affiliated general partner entities, the “**General Partners**” and each, a “**General Partner**”, and together with Sentinel LLC, the “**Advisers**”) provide investment advisory services to investment funds privately offered to qualified investors in the United States and elsewhere.

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

Sentinel IV GP has delegated the management of the business and affairs of Fund IV to Sentinel LLC. Sentinel V GP has delegated the management of the business and affairs of Fund V to Sentinel LLC. Sentinel VI GP has delegated the management of the business and affairs of Fund VI to Sentinel LLC. Sentinel VII GP has delegated the management of the business and affairs of Fund VII to Sentinel LLC. Sentinel Junior Capital I GP has delegated the management of the business and affairs of Junior Capital Fund I to Sentinel LLC. Sentinel Junior Capital II GP has delegated the management of the business and affairs of Junior Capital Fund II to Sentinel LLC. Sentinel Continuation I GP has delegated the management of the business and affairs of Continuation Fund I to Sentinel LLC (see below for a list of Fund IV, Fund V, Fund VI, Fund VII, Junior Capital Fund I, Junior Capital Fund II and Sentinel Continuation Fund I entities (each, a “**Fund**”, collectively, the “**Funds**” and together with any future private investment fund managed by Sentinel, the “**Private Investment Funds**”)). The investors in the Funds (other than the General Partners), as applicable, are referred to herein as “**investors**” or “**Limited Partners**” and the Limited Partners, together with the General Partners, are referred to herein as the “**Partners**”.

Fund IV, Fund V, Fund VI, Fund VII and any other Private Investment Funds following a private equity buyout strategy (the “**Private Equity Funds**”) are private equity funds and invest through negotiated transactions in operating entities generally referred to herein as “portfolio companies”. Sentinel’s investment advisory services to the Private Equity 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, although investments in public companies are permitted subject to certain limitations set forth in the applicable Private Equity Fund's limited partnership agreement or other governing documents (each such agreement or document of a Private Equity Fund, a Junior Capital Fund or a Continuation Fund (as defined below), as amended, restated, amended and restated, supplemented or otherwise modified from time to time, a "**Limited Partnership Agreement**"). From time to time, where such investments consist of portfolio companies, the senior principals or other personnel of Sentinel LLC or its affiliates generally serve on such portfolio companies' respective boards of directors or otherwise act to influence control over the management of a Private Equity Fund's portfolio companies.

Continuation Fund I and any other Private Investment Funds following a continuation minority investment strategy (the "**Continuation Funds**") are private funds that selectively invest in existing portfolio companies of Sentinel as a minority investor after those portfolio companies are sold to an independent third party. As a minority investor (relative to such third-party buyer), Continuation Fund I will typically seek to secure customary minority protections and governance rights, invest pari-passu with the third-party buyer in an identical security, maintain a board seat and work together with the independent buyer to drive enterprise value. Sentinel's investment advisory services to the Continuation 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, although investments in public companies are permitted subject to certain limitations set forth in the applicable Continuation Fund's Limited Partnership Agreement.

Junior Capital Fund I, Junior Capital Fund II and any other Private Investment Funds following a junior capital, "mezzanine," senior debt and/or structured capital solutions strategy (the "**Junior Capital Funds**") are private funds that typically invest in senior equity, junior capital, mezzanine or senior debt securities of portfolio companies, including portfolio companies sourced by Private Equity Funds on terms independently negotiated by one or more third-party lead senior debt and/or junior capital investors who are not affiliates of Sentinel (each such third-party investor, an "**Independent Investor**"), with the relevant Junior Capital Fund positioned as a minority interest holder with few, if any, of the governance and economic rights and powers exercised by the lead Independent Investor in the relevant issuance. As used herein, the term "lead" Independent Investor(s) refers to the Independent Investor(s) acquiring or representing the acquirer(s) of the largest portion of the relevant senior debt and/or junior capital securities, as the context may require. Typical Junior Capital Fund investments will include senior equity, junior capital, mezzanine, senior debt, unitranche debt and/or other securities or instruments that, at the time of initial investment, have attributes such as liquidation or other preferences, interest, coupon, or other debt-like features, including, without limitation, instruments issued in respect of warrants or conversion rights or mechanisms applicable thereto, in each case including any follow-on investments thereon. Sentinel's investment advisory services to the Junior Capital Funds consist of identifying, evaluating and executing junior capital or senior debt investment opportunities, managing and monitoring such investments, and achieving dispositions for such investments. Investments are made predominantly in non-public companies, although investments in public companies are permitted subject to certain limitations set forth in the applicable Junior Capital Fund's Limited Partnership Agreement.

Sentinel IV GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, "**Fund IV**").

- Sentinel Capital Partners IV, L.P., a Delaware limited partnership

- Sentinel Capital Partners IV-A, L.P., a Delaware limited partnership
- Sentinel Capital Investors IV, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to “Fund IV” include each of the above-named private funds. While the substantial majority of the terms of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund’s Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel V GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, “**Fund V**”).

- Sentinel Capital Partners V, L.P., a Delaware limited partnership
- Sentinel Capital Partners V-A, L.P., a Delaware limited partnership
- Sentinel Capital Investors V, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to “Fund V” include each of the above-named private funds. While the substantial majority of the terms of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund’s Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel VI GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, “**Fund VI**”).

- Sentinel Capital Partners VI, L.P., a Delaware limited partnership
- Sentinel Capital Partners VI-A, L.P., a Delaware limited partnership
- Sentinel Capital Investors VI, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to “Fund VI” include each of the above-named private funds. While the substantial majority of the terms of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund’s Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel VII GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, “**Fund VII**”).

- Sentinel Capital Partners VII, L.P., a Delaware limited partnership
- Sentinel Capital Partners VII-A, L.P., a Delaware limited partnership
- Sentinel Capital Investors VII, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to “Fund VII” include each of the above-named private funds. While the substantial majority of the terms of

each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel Continuation I GP, a Delaware limited partnership, is the General Partner of the private funds listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, "**Continuation Fund I**").

- Sentinel Continuation Fund I, L.P., a Delaware limited partnership
- Sentinel Continuation Fund I-A, L.P., a Delaware limited partnership

For the sake of clarity, unless otherwise indicated, references in this Brochure to "Continuation Fund I" include each of the above-named private funds. While the substantial majority of the terms of each above named fund are the same, each of such funds was formed to suit the purposes of certain types of investors (e.g., U.S. tax-exempt investors, non-U.S. investors, etc.) so there are slight variations in structure and investment terms among the funds. Investors should refer to the private fund's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel Junior Capital I GP, a Delaware limited partnership, is the General Partner of the private fund listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, "**Junior Capital Fund I**").

- Sentinel Junior Capital I, L.P., a Delaware limited partnership

Investors should refer to Junior Capital Fund I's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel Junior Capital II GP, a Delaware limited partnership, is the General Partner of the private fund listed below (together with any feeder vehicles, alternative investment vehicles and other special purpose entities, "**Junior Capital Fund II**").

- Sentinel Junior Capital II, L.P., a Delaware limited partnership

Investors should refer to Junior Capital Fund II's Limited Partnership Agreement for specific terms with respect to that private fund.

Sentinel's advisory services for the Private Investment Funds are detailed in the applicable private placement memoranda and the supplements thereto (each, a "**Private Placement Memorandum**" and collectively, the "**Private Placement Memoranda**"), the Limited Partnership Agreements of the Funds and are further described below under "Methods of Analysis, Investment Strategies and Risk of Loss." Investors in the Private Investment Funds participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, tax, regulatory, or other agreed-upon circumstances pursuant to the relevant Limited Partnership Agreement: such arrangements generally do not and will not create an adviser-client relationship between Sentinel and any investor. The Funds or the Advisers 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 applicable Fund's Limited Partnership Agreement.

Additionally, from time to time and as permitted by the relevant Limited Partnership Agreement, the Advisers have provided and expect to provide in the future investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain current or prospective investors or other persons, including Limited Partners, other sponsors, market participants, finders, consultants (including former portfolio company executives or board members), service providers, lending sources, Outside Operating Partners (as defined below) or certain other persons associated with Sentinel and/or its affiliates. Such co-investments typically involve investment and disposal of interests in the applicable portfolio company at the same time and on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including a co-investing Fund) has purchased, and may in the future purchase, a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund's completion of the investment and the co-investor or co-invest vehicle will from time to time be charged interest on the purchase or under certain conditions be subject to other equitable adjustments to the purchase price, to compensate the relevant Fund for the holding period, and generally will be required to reimburse the relevant Fund for related costs.

As of December 31, 2022, Sentinel LLC manages \$10,029,949,464 in client assets on a discretionary basis. Sentinel LLC is controlled by the partners of Sentinel LLC.

## **FEES AND COMPENSATION**

In general, Sentinel receives a management fee ("**Management Fee**") paid by the Funds (except for Continuation Funds) in connection with advisory services it provides. Sentinel LLC or other Sentinel entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds (e.g., the General Partners receive Carried Interest, defined and discussed in detail below) and, as outlined below, certain additional compensation that offsets in whole or in part the Management Fee otherwise payable to Sentinel to the extent provided by the Limited Partnership Agreements. Limited Partners in the Funds also bear certain fund expenses.

### **Management Fees**

The precise amount of, the manner and calculation of and the manner and timing of payment of the Management Fee for each Fund (except for Continuation Funds) are established by the Advisers, as modified by negotiations with investors in the applicable Fund, and are set forth in such Fund's advisory agreements, organizational documents and/or documentation received by each investor prior to investment in such Fund. The fee structures of the Funds may be modified from time to time and Management Fees differ from one Fund to another. Where the Limited Partnership Agreement calculates Management Fee based on the amount of Commitments or the amount of investment contributions, the amount of Management Fee generally will not be reduced based on reductions in investment value, except where specified by the relevant Limited Partnership Agreement. As a general matter, Management Fee will be payable during term extensions unless otherwise agreed with investors.

#### Fund IV

Sentinel IV GP reserves the right to waive all or any portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment shall (a) reduce the amount of capital contributions that Sentinel IV GP otherwise would be required to make in respect of Fund IV after the date that the waived amount would otherwise be due and (b) correspondingly increase later capital contributions of the Limited Partners. Waived Management Fees are not subject to the Management Fee offsets described below.

The Management Fee payable by Fund IV shall be reduced by an amount (the “**Fund IV Offset Amount**”) equal to (a) 100% of any transaction, advisory, breakup, monitoring, commitment, or similar fees received by Sentinel IV GP, Sentinel LLC or the principals from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Fund IV (“**Fund IV Offset Fees**”), up to an amount equal to all partnership expenses incurred in connection with unconsummated transactions, and then (b) 100% of all Fund IV Offset Fees that are directors’ fees and 50% of all other Fund IV Offset Fees. If the Fund IV Offset Amount exceeds the amount of the Management Fee otherwise payable in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Fund IV, any Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Fund IV to waive receipt of such amounts.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreements.

#### Fund V

Sentinel V GP reserves the right to waive all or any portion of any future installment of the Management Fee. Any waived portion of a Management Fee installment shall (a) reduce the amount of capital contributions that Sentinel V GP otherwise would be required to make in respect of Fund V after the date that the waived amount would otherwise be due and (b) correspondingly increase later capital contributions of the Limited Partners. Waived Management Fees are not subject to the Management Fee offsets described below.

The Management Fee payable by Fund V shall be reduced by an amount (the “**Fund V Offset Amount**”) equal to (a) 100% of any transaction, advisory, break-up, monitoring, commitment, or similar fees received by Sentinel V GP, Sentinel LLC or the principals from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Fund V (“**Fund V Offset Fees**”), up to an amount equal to all partnership expenses incurred in connection with unconsummated transactions, and then (b) 100% of all Fund V Offset Fees that are directors’ fees and 50% of all other Fund V Offset Fees. If the Fund V Offset Amount exceeds the amount of the Management Fee otherwise payable in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Fund V, any Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Fund V to waive receipt of such amounts.

Furthermore, as described in the relevant Limited Partnership Agreement(s), Offset Fees (as defined below) received with respect to a portfolio company in which both Fund V and Junior Capital Fund I or Junior Capital Fund II have invested or proposed to invest will, under limited



circumstances, be Junior Capital Fund I Offset Fees or Junior Capital Fund II Offset Fees, as applicable.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreements.

#### Fund VI

Sentinel VI GP generally satisfies a significant portion of its capital contribution obligations in respect of Fund VI by reducing a significant percentage of each installment of the Management Fee. Any reduced portion of a Management Fee installment ("**Fund VI Deemed Contribution**") shall (a) reduce the amount of capital contributions that Sentinel VI GP otherwise would be required to make in respect of Fund VI after the date that the reduced amount would otherwise be due and (b) correspondingly increase later capital contributions of the Limited Partners, pro rata, according to their respective capital commitments. Fund VI Deemed Contributions are not subject to the Management Fee offsets described below.

The Management Fee payable by Fund VI (after giving effect to any reduction by Fund VI Deemed Contribution) shall be reduced by an amount (the "**Fund VI Offset Amount**") equal to (a) 100% of any closing fees, management fees, directors fees, consulting fees, origination fees, monitoring fees, commitment fees, break-up fees and similar fees received by Sentinel VI GP, Sentinel LLC, and each of their respective directors, officers, stockholders, members, managers, partners, employees or affiliates (including the principals) from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Fund VI ("**Fund VI Offset Fees**"), up to an amount equal to all partnership expenses incurred by Fund VI in connection with un consummated transactions, and then (b) 100% of all Fund VI Offset Fees that are directors' fees and 50% of all other Fund VI Offset Fees. If the Fund VI Offset Amount exceeds the amount of the Management Fee otherwise payable (after giving effect to any reduction by Fund VI Deemed Contribution) in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Fund VI, any Fund VI Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Fund VI to waive receipt of such amounts.

Furthermore, as described in the relevant Limited Partnership Agreement(s), Offset Fees (as defined below) received with respect to a portfolio company in which both Fund VI and Junior Capital Fund I or Junior Capital Fund II have invested or proposed to invest will, under limited circumstances, be Junior Capital Fund I Offset Fees or Junior Capital Fund II Offset Fees, as applicable.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreements.

#### Fund VII

Sentinel generally satisfies a significant portion of its capital contribution obligations in respect of Fund VII by reducing a significant percentage of each installment of the Management Fee. Any reduced portion of a Management Fee installment ("**Fund VII Deemed Contribution**") shall (a) reduce the amount of capital contributions that Sentinel otherwise would be required to make in respect of Fund VII after the date that the reduced amount would otherwise be due and (b) correspondingly increase later capital contributions of the Limited Partners, pro rata, according

to their respective capital commitments. Fund VII Deemed Contributions are not subject to the Management Fee offsets described below.

The Management Fee payable by Fund VII (after giving effect to any reduction by Fund VII Deemed Contribution) shall be reduced by an amount (the “**Fund VII Offset Amount**”) equal to (a) 100% of any closing fees, management fees, directors fees, consulting fees, origination fees, monitoring fees, commitment fees, break-up fees and similar fees received by Sentinel VII GP and Sentinel LLC and each of their respective directors, officers, stockholders, members, managers, partners, employees or affiliates (including the principals) from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Fund VII (“Fund VII Offset Fees”), up to an amount equal to all partnership expenses incurred by Fund VII in connection with unconsummated transactions, and then (b) 100% of all Fund VII Offset Fees that are directors’ fees and 50% of all other Fund VII Offset Fees. If the Fund VII Offset Amount exceeds the amount of the Management Fee otherwise payable (after giving effect to any reduction by Fund VII Deemed Contribution) in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Fund VII, any Fund VII Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Fund VII to waive receipt of such amounts.

Furthermore, as described in the relevant Limited Partnership Agreement(s), Offset Fees (as defined below) received with respect to a portfolio company in which both Fund VII and Junior Capital Fund I or Junior Capital Fund II have invested or proposed to invest will, under limited circumstances, be Junior Capital Fund I Offset Fees or Junior Capital Fund II Offset Fees, as applicable.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreements.

#### Continuation Fund I

Continuation Fund I does not bear a management fee in favor of Sentinel Continuation I GP or its affiliates in consideration for the management of the Fund.

Sentinel Continuation I GP and its affiliates are permitted to receive closing fees, management fees, directors fees, consulting fees, origination fees, monitoring fees, commitment fees, break-up fees and similar fees received by any affiliates of Sentinel Continuation I GP from portfolio companies, to the extent apportionable to the activities of Continuation Fund I (“**Portfolio Fees**”) and none of Continuation Fund I or any of the limited partners are entitled to receive, share in or otherwise benefit from any Portfolio Fees paid by or in respect of portfolio companies or related securities or in connection with the transactions pursued or consummated by the foregoing.

#### Junior Capital Fund I

The Management Fee payable by Junior Capital Fund I shall be reduced by an amount (the “**Junior Capital Fund I Offset Amount**”) equal to 100% of any transaction, advisory, break-up, directors, monitoring, commitment, or similar fees received by Sentinel Junior Capital I GP, Sentinel LLC and each of their respective directors, officers, stockholders, members, managers, partners, employees or affiliates (including the principals) from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Junior Capital Fund I (“**Junior**

**Capital Fund I Offset Fees**” and together with Fund IV Offset Fees, Fund V Offset Fees and Fund VI Offset Fees, **“Combined Offset Fees I”** or each individually an **“Offset Fee”**). Notwithstanding the foregoing, any Combined Offset Fees I that are received by Sentinel from a portfolio company in which Junior Capital Fund I has invested and a Private Equity Fund has also invested or proposed to invest at or prior to the receipt of such fees will be Offset Fees of such Private Equity Fund except that Offset Fees received by Junior Capital Fund I or its General Partner in proportion to such fees received by or allocable to the relevant lead Independent Investor or its manager generally will be Junior Capital Fund I Offset Fees.

If the Junior Capital Fund I Offset Amount exceeds the amount of the Management Fee otherwise payable in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Junior Capital Fund I, any Junior Capital Fund I Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Junior Capital Fund I to waive receipt of such amounts.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreement.

#### *Junior Capital Fund II*

The Management Fee payable by Junior Capital Fund II shall be reduced by an amount (the **“Junior Capital Fund II Offset Amount”**) equal to 100% of any transaction, advisory, break-up, directors, monitoring, commitment, or similar fees received by Sentinel Junior Capital II GP, Sentinel LLC and each of their respective directors, officers, stockholders, members, managers, partners, employees or affiliates (including the principals) from portfolio companies or proposed portfolio companies, to the extent apportionable to the activities of Junior Capital Fund II (**“Junior Capital Fund II Offset Fees”** and together with Fund VI Offset Fees and Fund VII Offset Fees, **“Combined Offset Fees II”** or each individually an **“Offset Fee”**). Notwithstanding the foregoing, any Combined Offset Fees II that are received by Sentinel from a portfolio company in which Junior Capital Fund II has invested and a Private Equity Fund has also invested or proposed to invest at or prior to the receipt of such fees will be Offset Fees of such Private Equity Fund except that Offset Fees received by Junior Capital Fund II or its General Partner in proportion to such fees received by or allocable to the relevant lead Independent Investor or its manager generally will be Junior Capital Fund II Offset Fees.

If the Junior Capital Fund II Offset Amount exceeds the amount of the Management Fee otherwise payable in any period, then the amount of such excess shall be carried forward and shall reduce future installments of the Management Fee; provided that upon termination of Junior Capital Fund II, any Junior Capital Fund II Offset Amount that has not been applied to offset the Management Fee shall be paid by Sentinel LLC directly to those partners that have not elected on or prior to the date of their admission to Junior Capital Fund II to waive receipt of such amounts.

The Management Fee will be further reduced in the circumstances and by the amounts described in the Limited Partnership Agreement.

#### **Other Information**

Certain Limited Partnership Agreements permit Sentinel to waive or agree to reduce the Management Fee. Certain waived portions of the Management Fee are treated by the Limited Partnership Agreements as a deemed capital contribution by the relevant General Partner, which

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

Sentinel is permitted to exempt certain investors in the Funds from payment of all or a portion of Management Fees and/or Carried Interest (defined below), including Sentinel and any other person designated by Sentinel, such as "friends and family" of Sentinel or its personnel, or other investors meeting certain qualification requirements. Sentinel and/or its affiliates reserve the right to make any such exemption from fees and/or Carried Interest. For example, in instances where a Sentinel professional or its affiliate invests in a Fund, such professional or its affiliate generally will be exempt from payment of the Management Fee and/or Carried Interest with respect to such Fund. Additionally, to the extent permitted by the relevant Limited Partnership Agreement, certain Advisers have the right to permit investors, affiliated with an Adviser or otherwise, to invest through the relevant General Partner or other vehicles that do not bear Management Fees and/or Carried Interest. In general, the Management Fee offsets described above apply only with respect to the capital commitments of fee-paying investors. Sentinel retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation rather than deducting such amounts from the investor's capital account(s).

The Funds and any other Private Investment Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Limited Partnership Agreements, over the terms of the Funds (or the relevant Private Investment Funds, as applicable) and Limited Partners generally are not permitted to withdraw or redeem interests in the Funds (or other relevant Private Investment Funds, as applicable). The Advisers reserve the right to waive all or a portion of any Management Fee and/or Carried Interest (as defined below) payable by or in respect of Limited Partners of their respective Funds or other Private Investment Funds.

The Advisers, the Outside Operating Partners and the other Non-Sentinel Service Providers (as defined below) and/or their respective affiliates generally have discretion over whether to charge fees and/or other compensation to a portfolio company and, if so, the rate, timing, method and amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure. In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation gives rise to potential conflicts of interest between the Private Investment Funds, on the one hand, and the Advisers, the Outside Operating Partners and the other Non-Sentinel Service Providers and/or their affiliates, on the other. Compensation in the form of securities or equity interests (whether direct, phantom or synthetic) in a portfolio company and/or a share of proceeds upon sale of a portfolio company generally has a dilutive impact on the Fund's investment, and the relevant Fund typically will bear the costs of all such compensation to Outside

Operating Partners and other Non-Sentinel Service Providers as well as fees, costs, and expenses of structuring such arrangement.

In certain circumstances, the Advisers expect that co-investors, lenders, consultants or other parties will negotiate the right to share a portion of the portfolio company fees and other compensation referred to in the preceding paragraph from a particular investment. In such case, the Management Fee offsets described above will be applied after excluding any amounts paid to such persons. In addition, although it has not typically been the case in the past, the Advisers expect in the future to be paid compensation by co-investors for management and other services performed in connection with co-investments in portfolio companies of the Funds as well as other fees relating to the structuring and administration of co-investment arrangement. The receipt of such compensation by the Advisers from any co-investor will not reduce the Management Fee payable by any Fund(s) that have also invested in the relevant portfolio company.

In addition to the Management Fee and Carried Interest, the Funds bear certain expenses.

#### Private Equity Fund Expenses

As more fully set forth in their Limited Partnership Agreements, the Private Equity Funds bear all fees, costs, expenses, liabilities and obligations relating to the Private Equity Funds' (and their respective subsidiaries' and intermediate entities') activities, investments and business to the extent not paid by portfolio companies, Sentinel LLC or the Advisers, including legal, accounting, auditing, organizational costs, portfolio tracking facilities, subscription line, fund administrative fees, investor portal, investment banking, travel, printing, consulting, research, brokerage, finder's fees, custody, transfer, government and registration, private equity and other insurance, advisory board, annual meeting, interest, taxes and other similar fees and expenses, including any break-up fees, topping fees, or other such fees and expenses incurred in connection with proposed transactions for which Sentinel had selected such Private Equity Fund as a proposed investor but that are not consummated (as defined in the relevant Fund's Limited Partnership Agreement, "**Broken Deal Expenses**"), including Broken Deal Expenses relating to transactions that have been offered to co-investors. As a general matter, Broken Deal Expenses and other expenses relating to the diligence or evaluation of a prospective investment are allocated among investors within a Fund regardless of whether any individual investor negotiated for an elective or automatic contractual right that would have excused them from participating in the investment. Co-investment vehicles have been formed from time to time in connection with the consummation of a transaction and may be formed in the future for a similar purpose. Accordingly, where a proposed transaction is not consummated, no co-investment vehicle generally will have been formed, and the full amount of any Broken Deal Expenses relating to any such proposed transaction would therefore generally be borne by the Private Equity Fund(s) selected by Sentinel as proposed investors for such proposed transaction regardless of whether additional investors, including a Junior Capital Fund, were contemplated as potential investors in the applicable portfolio company. However, if an Independent Investor has been identified in connection with a contemplated Junior Capital Fund co-investment that is not ultimately consummated and such Independent Investor has agreed to bear its portion of Broken Deal Expenses, such Junior Capital Fund generally will bear amounts proportional therewith. Furthermore, if an investment is pursued for a Junior Capital Fund after a Private Equity Fund has already participated in such investment, such Junior Capital Fund generally will bear the full amount of any Broken Deal Expenses not borne by an Independent Investor. For the avoidance of doubt, a Private Equity Fund shall not be required to bear any Broken Deal Expenses incurred in connection with any proposed investment of a Junior Capital Fund that is not contemplated as a Junior Capital co-investment alongside such Private Equity Fund. To the extent holding or

intermediate entities include one or more special purpose acquisition companies (“**SPACs**”), the relevant Private Equity Fund(s) will bear the costs of organizing and offering such SPACs, as well as the amount and dilutive effect of any founder’s equity or similar interests issued thereby that are not held directly or indirectly by the Private Equity Fund, and except where prohibited by the Limited Partnership Agreements, such interests are permitted to be issued to Sentinel and its personnel.

#### Continuation Fund Expenses

As more fully set forth in their Limited Partnership Agreements, the Continuation Funds bear all fees, costs, expenses, liabilities and obligations relating to the Continuation Funds’ (and their respective subsidiaries’ and intermediate entities’) activities, investments and business to the extent not paid by portfolio companies, Sentinel LLC, the Advisers or the relevant co-investing Private Equity Fund(s) as discussed in the preceding paragraph, including legal, accounting, auditing, organizational costs, portfolio tracking facilities, subscription line, fund administrative fees, investor portal, investment banking, travel, printing, consulting, research, brokerage, finder’s fees, custody, transfer, government and registration, private equity and other insurance, advisory board, annual meeting, interest, taxes and other similar fees and expenses, including any Broken Deal Expenses incurred in connection with proposed transactions for which Sentinel had selected such Continuation Fund as a proposed investor not alongside a Private Equity Fund but that are not consummated, including Broken Deal Expenses relating to transactions that have been offered to co-investors.

#### Junior Capital Fund Expenses

As more fully set forth in their Limited Partnership Agreements, the Junior Capital Funds bear all fees, costs, expenses, liabilities and obligations relating to the Junior Capital Funds’ (and their respective subsidiaries’ and intermediate entities’) activities, investments and business to the extent not paid by portfolio companies, Sentinel LLC, the Advisers or the relevant co-investing Private Equity Fund(s) as discussed in the preceding paragraph, including legal, accounting, auditing, organizational costs, portfolio tracking facilities, subscription line, debt services, fund administrative fees, investor portal, investment banking, travel, printing, consulting, research, brokerage, finder’s fees, custody, transfer, government and registration, private equity and other insurance, advisory board, annual meeting, interest, taxes and other similar fees and expenses, including any Broken Deal Expenses incurred in connection with proposed transactions for which Sentinel had selected such Junior Capital Fund as a proposed investor not alongside a Private Equity Fund but that are not consummated, including Broken Deal Expenses relating to transactions that have been offered to co-investors.

#### Expenses Generally

As described more fully in the applicable Private Placement Memorandum, Sentinel LLC has relationships, in some cases exclusive, with certain senior professionals who provide certain key value-added services to the portfolio companies of the Funds (“**Outside Operating Partners**”) as well as certain other Non-Sentinel Service Providers. These Outside Operating Partners and the other Non-Sentinel Service Providers are not employees of Sentinel, are not members of the Advisers and do not have a Carried Interest in any of the Advisers’ investments. Such Outside Operating Partners and the other Non-Sentinel Service Providers have in the past and will in the future receive compensation from Sentinel portfolio companies (which may be in the form of cash compensation, retainers, securities or equity interests (whether direct, phantom or synthetic) in such portfolio companies and/or a share of proceeds upon the sale of portfolio

companies) and be reimbursed for certain travel and other costs in connection with their services, and such compensation or reimbursement will not result in offsets to the Management Fee. In addition, Sentinel has in the past, and will likely in the future from time to time, directly employ one or more persons in an operational role (the “**Employee Operating Partners**”), in which case Sentinel expects to bear any remuneration paid to such person while employed by Sentinel (which has in the past and will in the future include an allocation of Carried Interest). The use of Outside Operating Partners and Non-Sentinel Service Providers subjects the General Partners to potential conflicts of interest, as discussed under “Conflicts of Interest,” below.

Each Fund also generally will bear the cost of implementing, reporting (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund’s strategy, including in Side Letters relating thereto, and (where applicable) environmental, social governance (“**ESG**”) and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the applicable Limited Partnership Agreements, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests.

As described above, in certain circumstances, the relevant General Partner is expected to permit certain persons to co-invest in portfolio companies alongside one or more Funds, subject to Sentinel’s related policies and practices and the relevant Limited Partnership Agreement(s) and/or Side Letter(s). Where a co-investment 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 Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise have been beneficial, in the judgment of the relevant General Partner, ultimately is not consummated, all Broken Deal Expenses relating to such proposed transaction will generally, but not always, be borne by some or all of the applicable Fund(s) (as described above under “Private Equity Fund Expenses” and “Junior Capital Fund Expenses”), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses where permitted by such vehicle’s governing documents. The Adviser’s practice of allocating Broken Deal Expenses among investing Funds is discussed under “Conflicts of Interest,” below. To the extent a Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in “Brokerage Practices.”

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

Sentinel LLC does not receive a carried interest allocation (“**Carried Interest**”) for its advisory services to the Funds. Rather, each of Sentinel IV GP, Sentinel V GP, Sentinel VI GP, Sentinel VII GP, Sentinel Continuation I GP, Sentinel Junior Capital I GP and Sentinel Junior Capital II GP receives a Carried Interest from Fund IV, Fund V, Fund VI, Fund VII, Continuation Fund I, Junior Capital Fund I and Junior Capital Fund II, respectively.

##### **Private Equity Fund Carried Interest**

Sentinel IV GP receives a Carried Interest equal to 20% of each Limited Partner’s profits from Fund IV, subject to satisfaction of an 8% preferred return. Each of Sentinel V GP, Sentinel VI GP and Sentinel VII GP receives Carried Interest distributions that range from 20% - 25%,

depending on the level of the applicable Fund's returns, of each Limited Partner's profits from Fund V, Fund VI and Fund VII, respectively, subject to satisfaction of a 9% preferred return. For detailed information regarding each Fund's performance-based compensation, please refer to the applicable Fund's Limited Partnership Agreement.

#### *Continuation Fund Carried Interest*

Sentinel Continuation Fund GP receives a Carried Interest equal to a specified percentage of each Limited Partner's profits from Continuation Fund I, subject to satisfaction of a preferred return. For detailed information regarding Continuation Fund I's performance-based compensation, please refer to Continuation Fund I's Limited Partnership Agreement.

#### *Junior Capital Fund Carried Interest*

With respect to both sales proceeds and current income, Sentinel Junior Capital I GP and Sentinel Junior Capital II GP receives a Carried Interest equal to a specified percentage of each Limited Partner's profits from Junior Capital Fund I and Junior Capital Fund II, respectively, subject to satisfaction of a preferred return. For detailed information regarding Junior Capital Fund I's or Junior Capital Fund II's performance-based compensation, please refer to Junior Capital Fund I's or Junior Capital Fund II's Limited Partnership Agreement respectively.

#### *Carried Interest Generally*

If any Adviser receives Carried Interest distributions during the life of the applicable Fund which are, in the aggregate, in excess of the foregoing amounts, then such excess Carried Interest distributions will be subject to repayment by such General Partner. The Advisers do not advise Private Investment Funds not subject to a Carried Interest, although the Funds' respective General Partners generally have the authority to waive Carried Interest with respect to certain affiliated Limited Partners in the applicable Fund, as described under "Fees and Compensation". Additionally, to the extent that Sentinel has Funds with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Sentinel personnel are assigned varying percentages of carried interest from the Funds, Sentinel and such personnel are subject to potential conflicts of interest in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

Sentinel seeks to address the potential for any such conflicts of interest with allocation policies and practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund's investment guidelines and governing documents, as well as other factors that do not include the amount of performance-based compensation received by Sentinel or any personnel.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although Sentinel generally considers performance-based compensation to better align its interests with those of its investors, particularly in instances where the Limited Partnership Agreements include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals.



## TYPES OF CLIENTS

Sentinel provides investment advice solely to its Fund clients, and references through this Brochure to “clients” and Sentinel’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. Private Investment Funds include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as amended. The investors participating in Private Investment Funds include, but are not limited to, 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 also include, directly or indirectly, principals or other employees of Sentinel LLC and its affiliates, as well as executives of current and former portfolio companies. The Funds are closed to new investors.

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

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

### General

The Advisers focus on buyout transactions on behalf of the Private Equity Funds. The Private Equity Funds were formed primarily to make control investments in middle market businesses in the United States and Canada through acquisitions and recapitalizations. The Advisers target transactions smaller than those pursued by many larger private equity firms and corporate buyers. The Advisers focus on four industry sectors: business services, consumer , healthcare, and industrials.

With respect to the Junior Capital Funds, the Advisers focus primarily on the junior or senior debt capital funding opportunities, including of the portfolio companies to be acquired by the Private Equity Funds. Junior Capital Funds’ investments are expected to be non-controlling and made generally in connection with a Private Equity Fund’s acquisitions. The Advisers are also permitted to opportunistically invest a portion of a Junior Capital Fund’s commitments in investments in prospective portfolio companies where the Private Equity Funds are not investing. The Advisers seek to invest Junior Capital Funds assets in the same industry sectors as the ones targeted by the Private Equity Funds.

There can be no assurance that the Advisers will achieve the investment objectives of the Funds and a loss of investment is possible.

### Private Equity Investment and Operating Strategy

Middle Market Buyouts. The Advisers generally target buyouts in the middle market for the Private Equity Funds.

For example, in the case of Fund VII, the relevant Advisers will generally target platform buyouts in the middle market. The Advisers believe the middle market buyout market is generally

less efficient than the larger buyout markets, with buyouts in the middle market generally trading at lower purchase multiples. From the Advisers' perspective, smaller companies generally have a need for, and tend to be responsive to, the managerial disciplines and governance practiced by the Advisers.

Value Orientation. The Advisers emphasize value investing. The Advisers believe that value investing has enabled them to reduce risk through low entry pricing and to rely less on multiple expansion to achieve target returns.

Four-Sector Industry Focus. The Advisers generally concentrate on four industry sectors: industrials, business services, consumer, and healthcare. The Advisers believe they have considerable relevant investment experience, a proven record, and a network of important value-added relationships in these sectors. The Advisers also believe they have specialized industry knowledge enabling them to (i) achieve an early-mover advantage in sourcing transactions, (ii) react quickly to opportunities, and (iii) act with greater conviction. Sentinel believes these four sectors represent a generous opportunity set of potential investments. The Advisers will also generally sell portfolio companies in industry sectors when the influx of additional strategic and financial capital makes them more expensive, and target for investment industry sectors when the outflow of strategic and financial capital presents greater value.

Operational Value-Added Strategy of Enhancing Portfolio Performance. The Advisers believe they are able to enhance portfolio company operating performance. The Advisers believe that improving portfolio company performance is a fundamental, reliable method for creating value and achieving attractive investment returns. The Advisers seek to add value in several ways, including by (i) upgrading management teams by recruiting qualified executives, (ii) mentoring and developing existing management, (iii) aligning the interests of management with shareholders, (iv) working with management teams to streamline strategic direction, (v) requiring the development and implementation of information systems and reporting protocols that enable the Advisers to monitor a company's operating performance in a timely fashion, (vi) advising on the sourcing and execution of accretive add-on acquisitions, and (vii) utilizing the Advisers' network of outside advisors and executives, many of whom serve on portfolio company boards and offer strategic and operational skills.

Proactive Deal Origination. The Advisers have dedicated a number of years to the middle market buyout segment and have established strong relationships with deal intermediaries, financing sources, and a broad network of C-level executives. The Advisers believe they have created a brand and a recognized franchise in the buyout market. The Advisers' deal origination strategy is to generate as many investment opportunities as possible that are consistent with their general investment criteria, and of these, to primarily target those in which the seller invites a smaller group of hand-picked buyers to bid. The Advisers believe that through these processes they can pursue underperforming or complex opportunities that few other investors consider. In addition, in limited auctions, the ultimate buyer is often chosen based on qualitative factors, which the Advisers believe plays to their advantage.

Due Diligence and IT Assessment and Implementation Tailored to Smaller Businesses. The Advisers believe financial statements generated by middle market businesses are often unreliable. Therefore, the Advisers believe they have developed, both internally and through the use of Non-Sentinel Service Providers, due diligence capabilities specifically tailored to smaller businesses to validate free cash flows, determine the quality of earnings, and perform proof-of-cash analyses.

## **Junior Capital Investment and Operating Strategy**

The Private Equity Funds historically have generated many opportunities for third-party junior capital and senior debt investors in Sentinel portfolio companies. Sentinel believes that the Junior Capital Funds are well-positioned to capitalize on the junior capital and/or senior debt requirements of the portfolio companies to be acquired by the Private Equity Funds in the future. Because a Junior Capital Fund will often invest alongside a Private Equity Fund, the Junior Capital Funds' investment strategies with respect to an underlying portfolio company will generally echo the investment strategies of the relevant Private Equity Fund(s).

## **Risks of Investments**

As part of an investment firm making investments primarily in companies whose securities are not publicly traded, the Funds will be subject to the risks inherent in such investments. The performance of portfolio companies in which the Funds invest, and therefore the value of the Funds' portfolio investments, will be subject to many factors over which the Advisers have limited or no control. Such portfolio investments involve a high degree of business and financial risk that can result in a loss of a Fund's entire investment in a portfolio company. Furthermore, developments in debt securities markets and the lending environment can seriously and adversely disrupt credit markets on which private equity and junior capital investors such as the Funds rely. There can be no assurance that turmoil in the credit markets or its effects will not affect the Advisers, the Funds, their investments or their portfolio companies.

Each Fund and its investors bear the risk of loss that the Advisers' investment strategy entails. Investors should review each Fund's Private Placement Memoranda for information regarding risks specific to each Fund. In general, the risks involved with the Advisers' investment strategy and an investment in the Funds include, but are not limited to:

## **Risks Applicable to All Funds**

### **Business Risks**

The Funds' investment portfolios have in the past and are expected to consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict, which may result in a portfolio company's difficulty meeting obligations with respect to loans or investments made by the Fund. Such investments involve a high degree of business and financial risk that can result in substantial losses. In some cases, the success of the Funds' investment strategy will depend, in part, on the ability of the portfolio company's management team to restructure and effect improvements in the operations of a portfolio company. There can be no assurance that such management teams will be able to successfully identify and implement such improvements. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment. Such investments involve a high degree of business and financial risk that can result in substantial losses.

### **Future and Past Performance**

The Funds are dependent on the Advisers. The performance of the Advisers' prior investments is not necessarily indicative of the Funds' future results. While the Advisers intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any Fund's or investment's targeted internal rate of return will be achieved. On any given investment, loss of principal is possible.

The performance of Sentinel's prior investments or Funds is not necessarily indicative of future results of any other investment or Fund, which might invest primarily in different types of securities or have a different risk/return profile. While each General Partner intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return, if provided to investors or prospective investors, will be achieved.

The Private Equity Funds', the Continuation Funds' and the Junior Capital Funds' investment programs and objectives are substantially different from each other. For example, the Junior Capital Funds are generally focused on junior capital and/or other debt investments and the Private Equity Funds generally do not acquire such investments; hence, the nature of, and risks associated with, the Junior Capital Funds' investments may therefore differ substantially from those investments and strategies undertaken historically on behalf of the Private Equity Funds. Furthermore, as compared to the Private Equity Funds, the lower return profile typical of most junior capital investments may result in an unsuccessful investment having a disproportionate adverse impact on a fund focused on junior capital as compared with the impact of an unsuccessful equity investment on a private equity fund, which is another reason why the performance of Sentinel's prior investments or Funds is not necessarily indicative of future results of any other investment or Fund.

#### Concentration of Investments

The Funds will participate in a limited number of investments and may seek to make several investments in one industry or one industry segment (or related industries or industry segments) and/or within a short period of time. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect their aggregate returns. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified than would otherwise be desirable. To the extent that not all of a Fund's investments perform well or even return capital, for the Fund to achieve above-average risk-adjusted returns, one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, other than as set forth in the Private Placement Memoranda or the Limited Partnership Agreement, investors have no assurance as to the degree of diversification of a Fund's portfolio investments, either by geographic region, industry, asset type or domain. To the extent a Fund concentrates investments in a particular issuer, security, industry or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In circumstances where a General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of a Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification. Additionally, it is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified or such investments cannot be executed at prices Advisers believe to be attractive.

In addition, because the Funds have a fixed investment period after which capital from investors generally may only be drawn down in limited circumstances, and because the Management Fee is then calculated based upon invested capital rather than capital commitments, and no fee will be generated if such investments are not made, the Management Fee structure may create an incentive for a General Partner to deploy capital when it might not otherwise have done so. Because target return profiles differ between Funds, the underperformance of one

investment may disproportionately affect the overall performance of certain Funds that have a lower target return profile.

#### *Lack of Sufficient Investment Opportunities*

Investors in the Funds will be relying on the ability of the applicable General Partner to locate and evaluate the investments to be made by the Fund. The business of identifying, structuring and completing private equity transactions and related junior capital investments is highly competitive and involves a high degree of uncertainty. The Funds will encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds, publicly-traded special purpose acquisition companies (“**SPACs**”) and private equity funds, including other Sentinel Funds investing directly or through affiliates. Over the past several years, an ever-increasing number of investment funds have been formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to a Fund likely will be formed in the future by other unrelated parties. Some of the Funds’ competitors for investment opportunities may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than the relevant General Partner, the Fund and their respective affiliates. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified or such investments cannot be executed at prices Sentinel believes to be attractive, which may negatively affect returns to investors.

Additionally, to the extent a Fund is investing, on a passive, minority basis, primarily in portfolio companies of other Sentinel Funds, it is also possible that such Fund will never be fully invested if the lead junior capital investor does not offer such Fund all or any portion of the relevant investment opportunity, which may also negatively affect returns to such Fund’s investors. There may be fewer opportunities for junior capital and/or other debt investments if the presence of a Fund means certain buyers would not satisfy minimum requirements. The availability of investment opportunities generally will be subject to many factors outside of Sentinel’s control, such as prevailing market conditions, as well as the regulatory and political climate. On deals when there is no Private Equity Fund investment, the Junior Capital Funds will compete for investment opportunities with a number of other sources of capital with similar investment objectives, including other private investment funds (particularly those focused on junior capital and/or other debt investments), financial institutions and other institutional investors, some of whom have greater capital and general partners or other decision-makers or controlling persons who are more experienced in the junior capital financing area. In addition, companies seeking an infusion of capital may choose to draw upon the public debt or equity markets, or obtain first and/or second lien debt financing instead of issuing privately placed junior capital securities. There may be relatively few attractive investment opportunities during the Funds’ investment period and there can be no assurance that a Fund will succeed in obtaining a sufficient number of such investment opportunities, that the investments ultimately acquired by a Fund will achieve its return objectives, or that a Fund will be able to invest all of its available capital. However, regardless of the extent to which the capital commitments of investors are invested (or drawn down to be invested), investors will be required to bear the Management Fees through the Funds during their investment periods based on the entire amount of the investors’ capital commitments and other expenses as set forth in the applicable Limited Partnership Agreement. Because the Management Fee is calculated based on invested capital, a General Partner may be incentivized to make investments, or invest greater amounts in a given investment, if it encounters a scarcity of investment opportunities.

### *Risks of Investments in the Healthcare Sector*

Changes in governmental policies may have a material effect on the demand for or costs of certain healthcare and life sciences products and services. A healthcare or life sciences-related company may require government approval before introducing new drugs and medical devices or procedures. This process may delay the introduction of these products and services to the marketplace, resulting in increased development costs, delayed cost recovery and loss of competitive advantage to the extent that rival companies have developed competing products or procedures, adversely affecting the company's revenues and profitability. Failure to obtain governmental approval of a key drug or device or other regulatory action could have a material adverse effect on the business of a portfolio company. Furthermore, regulatory authorities are placing greater focus on monitoring products originally approved on a conditional basis and on whether the sponsors of such products have met the conditions of the conditional approval. If a portfolio company or one of its significant customers or counterparties is unable to fulfill the conditions of its products' conditional approval, it may not receive full approval for these products and may be required to change the products' labeled indications or withdraw the products from the market, which could have an adverse effect on the value of the portfolio company. Moreover, even after approval, products may still be the subject of regulatory action if new facts concerning their safety and efficacy come to light. Additionally, expansion of facilities by healthcare-related providers is subject to "determinations of need" by the appropriate government authorities. This process not only increases the time and cost involved in these expansions, but also makes expansion plans uncertain, limiting the revenue and profitability growth potential of healthcare related facilities operators and negatively affecting the price of their securities.

Certain healthcare and life sciences-related companies depend on the exclusive rights or patents for the products they develop and distribute. Patents have a limited duration and, upon expiration, other companies may market substantially similar "generic" products that are typically sold at a lower price than the patented product, causing the original developer of the product to lose market share and/or reduce the price charged for the product, resulting in lower profits for the original developer. As a result, the expiration of patents may adversely affect the profitability of these companies. The profitability of healthcare and life sciences-related companies may also be affected, among other factors, by restrictions on government and other third-party reimbursement for medical expenses (particularly for newly approved healthcare products), continuing efforts of governmental and third-party payors to contain or reduce the costs of healthcare, rising or falling costs of medical products and services, pricing pressure, an increased emphasis on outpatient services, a limited product offering, industry innovation, changes in technologies and other market developments.

The healthcare industry spends heavily on research and development. Research findings (e.g., regarding side effects or comparative benefits of one or more particular treatments, services or products) and technological innovation (together with patent expirations) may make any particular treatment, service or product less attractive if previously unknown or underappreciated risks are revealed, or if a more effective, less costly or less risky solution is or becomes available. Any such development could have a material adverse effect on the companies in which a Fund invests.

Certain portfolio companies may also conduct clinical trials in the course of their research and development. Clinical trials can be time-consuming, expensive and involve a high degree of uncertainty. The success of the Fund may, in part, depend on the success of such clinical trials.

Finally, because the products and services of healthcare and life sciences-related companies affect the health and well-being of many individuals, these companies are especially susceptible to product liability lawsuits.

#### *Risks of Investments in the Industrial Sector*

Investments in the industrial sector may entail risks associated with more mature businesses and heavily regulated industries, including transportation, aerospace and defense, building products, chemicals and other industrial companies generally. These portfolio companies may also serve customers that include governmental entities. Investments that are subject to greater amounts of governmental regulation, or with significant customer concentration with governmental entities, pose additional and unique risks. Governmental budgeting and procurement requirements could adversely affect profitability. Changes in applicable laws or regulations, or in the interpretations of these laws and regulations, could result in increased operating costs, increased compliance costs or the need for additional capital expenditures generally. Additionally, certain industrial portfolio companies may have a unionized work force or employees who are covered by a collective bargaining agreement, which could subject a portfolio company to complex laws and regulations, as well as labor relations disputes or difficulties generally. Business operations at one or more facilities may be interrupted as a result of work stoppages and delays in the process of renegotiating collective bargaining agreements.

#### *Risks of Investments in the Business Services Sector*

Business services investments, including logistics, facility management, delivery and distribution businesses are generally highly fragmented, can be subject to heavy competition and low barriers to entry, and can be adversely affected by business cycles, economic downturns and the availability of skilled and unskilled labor. With respect to the availability of labor in particular, the ability of a portfolio company to meet its labor needs while controlling labor costs is subject to many external factors, including competition for and availability of qualified personnel in a given market, the comparative efficiency of such portfolio company's logistics and transport operations and the productivity of any manufacturing plants, unemployment levels within those markets, wage rates, union membership levels and activity among any employees and changes in employment and labor or other workplace regulation. The labor costs of a portfolio company could also increase due to, among other things, any potential re-characterization of independent contractors as employees or other challenge to employment or compensation arrangements with the personnel of such portfolio company. If the Fund is unable to pass on such higher costs to customers or otherwise mitigate such increases, these higher labor costs could have a material adverse effect on such portfolio company's business, financial condition and results of operations.

#### *Risks of Investments in Small and Medium-Sized Companies*

The Funds are expected to invest in assets in a broad spectrum of securities, including junior capital and related equity, of companies that the Advisers believe to have attractive long-term growth potential. The Funds have the flexibility to invest in both small and medium-sized companies, as deemed appropriate by the Advisers. Like small companies, medium-sized companies often have limited product lines, markets or financial resources, and they may be dependent upon one or a few key people for management.

### Illiquidity; Lack of Current Distributions

The vast majority of the Funds' portfolio investments will be illiquid, and there is a significant risk that the Funds will be unable to realize portfolio investments at attractive prices or otherwise be able to effect a successful realization or exit strategy. In particular, these risks could arise from changes in the financial condition or prospects of the companies in which the Funds' investments are made, changes in national or international economic or political conditions (including acts of war, terrorism, or other calamity or crisis), adverse conditions in national or global financial or capital markets, or changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made. Dispositions of portfolio investments may require a lengthy period of time or may result in distributions in-kind. An investment in a Fund requires a long-term commitment with no inherent likelihood of return and should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. There most likely will be little or no near-term cash flow available to the Limited Partners. Many of the portfolio investments will be highly illiquid and there can be no assurance that a Fund will be able to realize returns on such portfolio investments in a timely manner. Consequently, dispositions of such portfolio investments may require a lengthy time period or may result in distributions in kind to the Limited Partners. While an investment may be sold at any time or a Fund may seek to recapitalize or otherwise return cash early in an investment's holding period, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from such Fund's capital, including, without limitation, unfunded capital commitments. In addition, there can be no assurance that a Fund will have sufficient cash flow to permit it to make annual distributions in the amounts necessary for its Limited Partners to pay all tax liabilities resulting from such Limited Partners' ownership of such Fund's limited partner interests. The Funds expect to also acquire securities that cannot be sold except pursuant to a registration statement filed under the Securities Act of 1933, as amended (the "**Securities Act**"), or in a private placement or other transaction exempt from registration under the Securities Act. In some cases, a Fund may be prohibited by contract from selling certain securities for a period of time. Even where a Fund holds freely tradable publicly traded securities, a Fund's position may represent a significant portion of the outstanding public float of a particular company, creating a degree of illiquidity when such Fund wishes to dispose of or reduce its position in such company by selling shares into the market. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which a Fund invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors. Public offering, merger and acquisition and recapitalization and reorganization opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. Accordingly, an investment in a Fund is not appropriate for investors seeking liquidity or a short-term cash return.

### Borrowing and Indebtedness

Certain Funds will invest in portfolio companies that incur indebtedness, including in portfolio companies not rated by credit agencies, which indebtedness may be senior in priority to the investment of the Fund, even if invested in debt. The Funds are permitted to borrow, including to fund investments prior to the receipt of a capital contribution pursuant to a capital call notice, subject to certain limitations set forth in the relevant Limited Partnership Agreement. Under credit



agreements that the Funds have entered into for such purpose, commitments are pledged to the lender to secure such loans and in the event obligations thereunder are not met, lenders may proceed to satisfy any such liability against the assets of the Funds, including by issuing capital call notices to the respective Fund's Limited Partners up to the amount of any unfunded commitments. The use of such leverage involves a high degree of financial risk as it generally magnifies both the Funds' opportunities for gain and its risk of loss from a particular investment. In particular, this leverage will increase the exposure of the Fund's investments to any deterioration in a company's condition or industry sector, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Funds may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Funds. Furthermore, should the credit markets be limited or costly at the time the Funds determine that it is desirable to sell all or a part of a portfolio company, the Funds may not achieve an exit multiple or enterprise valuation consistent with its forecasts. 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. From time to time, a Fund will incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other Funds and entities managed by the Advisers 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 a Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent the Funds incur leverage (or provide such guarantees), such amounts are permitted to be secured by capital commitments and such capital contributions will be required to be made directly to the lenders instead of the Funds. The extent to which the Funds use leverage may have important consequences to investors, including, but not limited to, the following: (i) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions, or other purposes, (ii) to the extent that a Fund's revenues are used to make principal payments, investors may be allocated income (and therefore incur tax liability) in excess of cash available for distribution, (iii) interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments and (iv) limitations on the flexibility of a Fund to make distributions to investors or sell assets that are pledged to secure the indebtedness. In these circumstances, the Funds would be required to deploy additional capital commitments, to the extent available, which would further increase concentration. There can also be no assurance that the Funds will have sufficient cash flow to meet its debt service obligations. As a result, the Funds' exposure to losses may be increased due to the illiquidity of its investments generally.

Subject to certain limitations set forth in the applicable Limited Partnership Agreement, a General Partner may fund the making of investments or pay certain expenses with proceeds from drawdowns under one or more credit facilities (the collateral for which can be, for example, the undrawn capital commitments of investors, i.e., subscription lines) prior to calling capital commitments and pending the receipt of capital contributions ("**Subscription Facility**"). For administrative convenience, capital calls, including those used to pay interest on subscription lines and other indebtedness, may be "batched" together into larger, less frequent capital calls (generally on a quarterly basis, although actual timing and amounts may vary), with a Fund's interim capital needs being satisfied by such Fund borrowing money from any such Subscription Facility. Each of the Funds has entered, or intends to enter, into a Subscription Facility with one or more lenders in order to finance its operations (including the acquisition of the Fund's

investments). Fund-level borrowing subjects Limited Partners to certain risks and costs. For example, because amounts borrowed under a Subscription Facility 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 a Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against a Fund would likely be subordinate to such Fund's obligations to a Subscription Facility's creditors. The interest expense and other costs of any such borrowings will be treated as fund expenses and, accordingly, may decrease net returns of such Fund. To the extent a Subscription Facility is due upon demand by a lender, such a demand may be issued at an inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on Limited Partners and/or Limited Partners facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Furthermore, the existence of a Subscription Facility may impair a Limited Partner's ability to transfer its interest in the relevant Fund as a result of restrictions imposed on such transfers by the lender. Although it has not been the case in the past, 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 Fund or impose concentration or other limits on a Fund's investments and/or financial or other covenants, that could affect the implementation of the 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.

It is expected that interest will accrue on any such outstanding borrowings at a rate lower than the preferred return received by the Limited Partners, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to a Fund. As a result, the use of a Subscription Facility with respect to investments and ongoing capital needs may reduce or eliminate the preferred return received by the Limited Partners and accelerate or increase distributions of carried interest to the relevant General Partner. In light of the foregoing, a General Partner has an incentive to fund the acquisition and ongoing capital needs of investments and the relevant Fund with the proceeds of such borrowings in lieu of drawing down capital commitments on a just-in-time basis. The use of this type of leverage by a Fund also will result in interest expense and other costs to such Fund that may not be covered by distributions made to the Fund or appreciation of its investments.

A General Partner will have significant discretion in negotiating the terms of any Subscription Facility and other facilities used for the purpose of financing or refinancing investment-related activities of the relevant Fund on a leveraged or back-leveraged basis ("**Investment Leverage**") and may agree to terms with respect to any such Subscription Facility and/or Investment Leverage that are not the most favorable to one or more Limited Partners, the Funds and/or any portfolio company, as applicable. It is possible a Fund may incur leverage (both in respect of any Subscription Facility or any Investment Leverage) on a joint, several, joint and several or cross-collateralized basis with one or more other investment funds and entities managed by Sentinel and may have a right of contribution, subrogation or reimbursement from or against such entities. With respect to any Investment Leverage, a Fund may also cause one or more holding vehicles or other subsidiaries of the Fund formed for the purpose of obtaining leverage in whole or in part on the value of the assets of such subsidiary or the right to receive distributions in respect thereof (each, a "**Borrowing Subsidiary**") to incur indebtedness for borrowing money in respect of such Investment Leverage and any risks and conflicts described herein are expected to apply with respect to any Borrowing Subsidiary and such Fund's interests therein. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such

amounts are permitted to be secured by capital commitments and such capital contributions may be required to be made directly to the lenders instead of the Fund.

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 relevant 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 a Fund's cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even if it increases the 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 Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return and thereby benefits the marketing efforts of the respective General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Limited Partnership Agreements. Conflicts of interest also have the potential to arise to the extent that a Subscription Facility is used to make an investment that is later sold in part to co-investors (including one or more co-investing Private Equity Funds) as, such co-investors are typically not required to act as guarantors under the relevant facility or pay related costs or expenses, but such co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Fund nor other 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 Fund and the Limited Partners or impose additional obligations on them. 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 relevant Fund, resulting in a potential net benefit to the 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 Facility 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 General Partner called smaller amounts of capital incrementally over time as needed by such Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Sentinel for expenses incurred on

behalf of a Fund. A Fund is also permitted to utilize Fund-level borrowing when its 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 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.

In addition, there can be no assurance that a Fund will be able to obtain indebtedness, including in respect of any Subscription Facility or Investment Leverage, on terms available to its competitors or identify an Independent Investor, including terms that may be currently available in the market, or that indebtedness will be accessible by the Fund at any time, and to the extent that it is available there can be no assurance that such indebtedness will be on terms favorable to the Fund, including with respect to interest rates, or that such indebtedness will remain available throughout the term of the Fund. 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. In addition, to the extent a Fund incurs leverage (or provides guarantees in respect of borrowing by its portfolio companies or affiliated Funds), such amounts may be secured by capital commitments and such capital contributions may be required to be made directly to the lenders instead of the Fund.

Calculations of net and gross investment returns for the Funds, as reported to prospective investors and Limited Partners from time to time, is based on the payment date of capital contributions received from Limited Partners. This treatment also applies in instances where a Fund utilizes borrowings under such Fund's subscription-based credit facility in advance of receiving capital contributions from Limited Partners to repay any such borrowings and related interest expense. As a result, use of a subscription-based credit facility will result in a higher reported investment return than if the facility had not been utilized and instead such Limited Partners' capital had been contributed at the inception of an investment.

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 Limited Partnership Agreements, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a 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).

#### *Reliance on the Advisers and Portfolio Company Management*

Control over the operation of the Funds will be vested with the Advisers, and the Funds' future profitability will depend largely upon the Advisers' business. The loss of service of one or more of the senior investment professionals of the Advisers (the "**Senior Professionals**") could have an adverse effect on the Funds' abilities to realize their investment objectives. In addition, the Senior Professionals currently manage multiple Funds and expect to in the future manage other investment vehicles besides the Funds (including potentially new product lines) and the

Senior Professionals will likely need to devote substantial amounts of their time to the investment activities of any or all of such Funds and other vehicles as well as the launch of such additional product lines, which will pose conflicts of interest in the allocation of the time of the Senior Professionals. See “Conflicts of Interest” below for more information. Limited Partners generally have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the Advisers. In addition, certain changes in the Advisers or Sentinel or circumstances relating to the Advisers or Sentinel may have an adverse effect on the Funds or one or more of their portfolio companies including potential acceleration of debt facilities. Although the Advisers will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company’s management team to operate such portfolio company on a day-to-day basis. Although the Funds generally intend to invest in companies with strong management or the capacity to recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Funds’ objectives. Additionally, portfolio companies will need to attract, retain, and develop executives and members of their management teams. The market for executive talent is, notwithstanding general unemployment levels or developments within a particular industry, extremely competitive. There can be no assurance that portfolio companies will be able to attract, develop, integrate or retain suitable members of their management teams and, as a result, the Funds and their investments may be adversely affected.

### Projections

The Funds may use financial projections to help analyze a potential investment, future capital raises and financing for portfolio companies, or for other transactions. In general, projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by such company’s management, with adjustments to such projections made by Sentinel 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 any projections will be attained, and actual results may be significantly different from projections. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

### Advisory Committee

The General Partners have in the past and are expected in the future to appoint one or more Limited Partner representatives to the advisory committees of the Funds. Such Limited Partners may disproportionately represent one or more of the vehicles comprising the relevant Fund. Each Fund’s Limited Partnership Agreement provides that, to the fullest extent permitted by applicable law, none of the advisory committee members shall owe any fiduciary duties to such Fund or any other Partner of such Fund. In addition, representatives of a Fund’s advisory committee may have various business and other relationships with such Fund’s General Partner and its partners, employees and affiliates, including investments in such Fund, other Funds that may be the subject of certain conflicts and potentially other product lines and successor funds. These relationships may influence their decisions as members of the advisory committee. To the extent members of an advisory committee or Limited Partners vote on any Fund matter regarding conflicts or otherwise participate in Fund matters involving a vote or action thereby, any such Limited Partners may have an interest in other Funds or other Sentinel investment vehicles (including a more significant interest) and, as a result, may not be motivated to vote solely in accordance with their interests related to the relevant Fund. Moreover, such Limited Partners are

unrestricted from voting, and may affirmatively vote, in a manner that is adverse to the interest of other Limited Partners and the relevant Fund and may serve on the advisory committee of other funds.

### Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes

There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. The SEC, for instance, has recently indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact Sentinel's business and the business of the Funds. In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or Sentinel who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for Sentinel to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

### Limitations on Liability; Indemnification of the Advisers

The Limited Partnership Agreements set forth circumstances under which the Advisers, their principals, affiliates and their respective directors, officers, partners, members, employees, agents and other related parties (the "**Indemnified Persons**") are to be excused from liability to the Funds and their investors for damages or losses that the Funds or such investors may incur arising from any Indemnified Person's acts or omissions in connection with their performance of services for the Funds. As a result, the Funds and the investors may have a more limited right of action in certain cases against these persons than they might otherwise have had. Additionally,

in the event that a claim is made against an Indemnified Person, such Indemnified Person may be entitled to be indemnified by a Fund, in which case the assets of such Fund would have to be used to indemnify such Indemnified Person for amounts incurred in connection with such claim and the amounts that would otherwise be payable to Limited Partners would consequently be reduced. Such indemnification obligations could materially impact the returns to Limited Partners of a Fund.

#### Limitation of Recourse and Indemnification

The Limited Partnership Agreements will limit the circumstances under which an Adviser will be held liable to the relevant Fund. As a result, Limited Partners may have a more limited right of action in certain cases than they would have in the absence of such provision. In addition, the Limited Partnership Agreements will provide that a Fund will indemnify the applicable Adviser(s) for certain claims, losses, damages and expenses arising out of their activities on behalf of such Fund. Such indemnification obligations could materially impact the returns to Limited Partners. The indemnification obligation of the Funds would be payable from the assets of the Funds, including the unfunded capital commitments of the Limited Partners. If the assets of the Funds are insufficient to pay any such indemnification obligations, a General Partner may recall distributions previously made to the Limited Partners to pay such obligations (subject to certain limitations set forth in the Limited Partnership Agreement). Such liabilities of a Fund may not be resolved prior to the date that such Fund will be dissolved, either by expiration of the Fund's term or otherwise. Furthermore, as a result of the provisions contained in the applicable Limited Partnership Agreement, the Limited Partners may have a more limited right of action in certain cases than they would in the absence of such limitations. It should be noted that a General Partner may cause a Fund to purchase and/or bear the costs of insurance policies for such Fund, the General Partner, Sentinel and their employees, agents and representatives.

#### Liability of the Funds and the Partners

A Fund's General Partner has unlimited liability for all debts and obligations of such Fund. Except as provided herein or otherwise, the total liability of a Limited Partner is limited to the amount of its capital commitment, except in certain circumstances. If a Fund is otherwise unable to meet its obligations, the Limited Partners may, under applicable law, be obligated to return to the Fund or to creditors whose interests have been injured distributions previously received by them pursuant to any rules regarding fraudulent conveyances. In addition, a Limited Partner may be liable under applicable bankruptcy law to return distributions made during such Fund's insolvency.

#### Need for Follow-On Investments

Following an initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company or may have the opportunity to increase its investment in a successful portfolio company, whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons. There can be no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds, or permission under their respective Partnership Agreements, to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in lost opportunities for a Fund to increase its participation in successful operations. In addition, such failure to make such investments may

result in a lost opportunity for the Funds to increase its participation in a successful portfolio company or the dilution of the relevant Fund's ownership in a portfolio company if a third party or co-investor is permitted to invest in such portfolio company. With respect to certain follow-on investment opportunities, two or more Sentinel Funds may each participate in such investment in such proportions and amounts as determined by Sentinel in good faith, although Sentinel may determine to allocate a disproportionate amount of (including all of) such follow-on investment opportunity to one Sentinel Fund and not to the other Sentinel Fund, and vice versa. Accordingly, it is expected that from time to time, a Fund will not have the opportunity to participate in a follow-on investment opportunity even if it had participated in the initial investment.

Additionally, in the case of the Junior Capital Funds, the lead Independent Investor may itself face similar considerations, even where a follow-on investment may benefit a portfolio company or such Junior Capital Fund. In cases involving a Junior Capital Fund's investments in junior capital securities, a Junior Capital Fund may forego a follow-on investment that might be profitable for and/or benefit such Junior Capital Fund unless a new Independent Investor can be found or the advisory committee of such Junior Capital Fund and/or of the relevant Private Equity Fund(s) consents.

### Non-U.S. Investments

The Funds have in the past and may in the future invest in portfolio companies that are organized and operating or headquartered outside the United States. Such investments may be subject to certain additional risks due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of each Fund) and the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of foreign taxes on the Funds and/or the Partners with respect to the Funds' income, and possible non-U.S. tax return filing requirements for the Funds and/or the Partners.

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

Further, non-U.S. investment in securities of companies in certain of the countries in which the Funds may invest is restricted or controlled to varying degrees. These restrictions or controls may at times limit or preclude non-U.S. investment above certain ownership levels or in certain sectors of the country's economy and increase the costs and expenses of the Funds. While regulation of non-U.S. investment has liberalized in recent years throughout much of the world, there can be no assurance that more restrictive regulations will not be adopted in the future. Some countries require governmental approval for the repatriation of investment income, capital or the proceeds of sales by non-U.S. investors and non-U.S. currency. The Funds could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of capital interests and dividends paid on securities held by the Funds, and income on such securities or gains from the disposition of such securities may be subject to withholding taxes imposed by certain countries where the Funds invest or in other jurisdictions.



### Bridge Financings

From time to time, the Funds intend to provide debt and/or equity to portfolio companies anticipated to be on a short-term basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication (including for co-investment, which may be effected through a Sentinel-controlled and/or managed investment vehicle). In such event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds, and such financings may cause the Funds to have increased concentration in the given investment. In addition, in some cases the debt and/or equity may be sold to a co-investor at cost, particularly where the syndication occurs soon after closing, and the Funds will not be compensated for the risk in committing to temporarily holding such investment.

### Hedging Arrangements

A General Partner may (but is not obligated to) endeavor to manage a Fund's or any portfolio company's currency exposures, interest rate exposures or other exposures using hedging techniques where available and appropriate. A Fund may incur costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used.

In some cases, particularly in OTC contexts, hedging arrangements will subject a Fund to the risk of counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose a Fund to additional liquidity risks if such contracts cannot be adequately settled.

Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the U.S. Commodity Futures Trading Commission ("CFTC") or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of a Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

### General Partners' Carried Interest

The fact that the General Partners' Carried Interests are based on a percentage of net profits may create an incentive for the General Partners to cause the Funds to make riskier or more-speculative investments or to hold an investment longer than otherwise would be the case. Additionally, because the Carried Interests are payable only on profits, the General Partners may have an interest in increasing profits on assets at the expense of a more conservative investment strategy that focuses on the return of invested capital. For example, if a Fund holds an investment on the expectation that its price will continue to rise, it may forego opportunities to liquidate the portfolio company at a time it can be assured of returning capital to the Limited Partners.

### Transfer by General Partner

To the extent the General Partner of a Fund, its partners, its principals and/or their respective affiliates commit to make a direct or indirect investment in a Fund or alongside a Junior

Capital Fund, a participation in or all or any portion of such investment is permitted to thereafter be transferred to others, subject to any express limitations thereon in the applicable Fund's Limited Partnership Agreement.

### Public Company Holdings

The Funds' investment portfolios may contain securities and debt issued by publicly-held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately-held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Senior Professionals, and increased costs associated with each of the aforementioned risks.

### Contingent Liability on Disposition of Investments

In connection with the disposition of an investment, a Fund and its Advisers are typically required to make (and/or be responsible for another person's or entity's breach of) representations and warranties, (e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities) in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. A Fund and its Advisers also are typically required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the relevant Fund and, ultimately, its Limited Partners.

### Recourse to Fund Assets

A Fund's assets, including any investments and any funds held by such Fund, are available to satisfy all liabilities and other obligations of such Fund. If a Fund becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to such Fund's assets generally and not be limited to the particular investment giving rise to the liability.

### 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 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 Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

### Public Health Emergencies: Outbreaks of Infectious or Contagious Diseases

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

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

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

### Market Conditions

The private equity industry generally and the success of the Funds' investment activities will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. An extended downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect the Funds' profitability, impede the ability of the Funds' portfolio companies to perform under or refinance their existing obligations, and impair the Funds' ability to effectively exit its portfolio investment on favorable terms. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

The capital markets have experienced great volatility and financial turmoil. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the Funds' portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, such as the onset of the credit crisis in the summer of 2007 or the downgrading of the credit rating of the United States in 2011, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, termination or other fees and expenses in the event such Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of such Fund to dispose of investments at prices that the Advisers believe reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to raise funding to support their investment objectives.

#### *Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments*

Changes in the global credit markets can make it more difficult for investment funds such as the Funds to obtain favorable financing for themselves or their investments or can affect the pricing for the Funds' investments or, in the case of the Junior Capital Funds, the availability of Independent Investors. A widening of credit spreads, coupled with the deterioration of the sub-prime and global debt markets and a rise in interest rates, dramatically reduces investor demand for high yield debt and senior bank debt, which in turn causes some investment banks and other lenders to be unwilling to finance new private equity investments or to only offer committed financing for these investments on unattractive terms. A Fund's ability to generate attractive investment returns may be adversely affected to the extent such Fund is unable to obtain favorable financing terms for itself or its investments. Moreover, such marketplace events 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 Funds' ability to realize their investments at favorable times or for favorable prices.

#### *Non-Sentinel Service Providers*

The Outside Operating Partners, the senior advisory partners (as may be further described in the applicable Private Placement Memorandum), Empire Value Advisors and their respective employees (collectively, the “**Non-Sentinel Service Providers**”) are not employees of Sentinel and are not expected to have a Carried Interest in any investment made by the Funds. Non-Sentinel Service Providers, however, have in the past and may in the future receive compensation from Sentinel portfolio companies and be reimbursed for certain travel and other costs in connection with their services. In addition, certain Non-Sentinel Service Providers have in the past and expect in the future to also receive compensation that includes cash fees, retainers, securities or equity interests (whether direct, phantom or synthetic) of a portfolio company and/or a share of proceeds upon sale of a portfolio company. Such compensation or reimbursement will not result in offsets to or reductions of the Management Fee. In addition, compensation in the form of securities or equity interests (whether direct, phantom or synthetic) in a portfolio company and/or a share of proceeds upon sale of a portfolio company generally has a dilutive impact on a 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 such compensation to Non-Sentinel Service Providers as well as fees, costs, and expenses of structuring such arrangement. Non-Sentinel Service Providers are not subject to the restrictions on Sentinel persons such as conflicts of interest, priority of transaction opportunities and formation of other vehicles. In addition, Sentinel has in the past, and may in the future from time to time, directly employ one or more Employee Operating Partners, in which case Sentinel expects to bear any remuneration paid to such person while employed by Sentinel (which has in the past and may in the future include an allocation of Carried Interest).

#### Limited Access to Information

Limited Partners’ rights to information regarding a Fund, the relevant General Partner or Sentinel generally will be specified, and in many cases strictly limited, by the Fund’s governing documents. In particular, it is anticipated that the respective General Partner and its affiliates will obtain certain types of material information from or relating to a Fund’s investments that will not be disclosed to Limited Partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of Sentinel’s control. Decisions by Sentinel or its affiliates to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example, a Limited Partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a Limited Partner to monitor Sentinel and its performance. Additionally, it is anticipated that Limited Partners that designate representatives to participate on a Fund’s advisory committee generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other Limited Partners. Limited Partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records and similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and Sentinel reserves the right to withhold certain information from investors subject to such laws for reasons relating to Sentinel’s public reputation, business strategy or other reasons.

#### Material Non-Public Information; Other Regulatory Restrictions

As a result of the expected operations of Sentinel, the General Partners and their affiliates, Sentinel expects to frequently come into possession of confidential or material, non-public information, including as a result of certain Sentinel personnel serving on the boards of directors

of portfolio companies, as well as other officer or director positions of Sentinel personnel. Therefore, Sentinel, the General Partners and their affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by the Funds. Consequently, the Funds may be restricted by applicable securities laws or Sentinel's internal policies from initiating a transaction or selling an investment which, if such information had not been known to it or its affiliates, might have been undertaken by the Funds. Due to these restrictions, the Funds may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold. Additionally, there may be circumstances in which one or more individuals associated with affiliates of Sentinel or the General Partners will be precluded from providing services to Sentinel, the General Partners or to the Funds because of certain confidential information available to those individuals or to Sentinel or the General Partners and their affiliates, which could have an adverse effect on the Funds.

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

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

#### *CFIUS and National Security Clearance Considerations.*

Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("**CFIUS**"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations

will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Limited Partnership Agreements, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or advisory board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow a Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

### Valuation of Investments

There is not expected to be an actively traded market for most of the securities owned by the Funds. When estimating fair value, the General Partner of each Fund will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately may be sold. There can be no assurance that the General Partners 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 decisions of a Fund's General Partner with respect to an investment will represent the value realized by such 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. Accordingly, the valuation decisions made by a Fund's General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments. The exercise of discretion in valuation by a General Partner could give rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest.

### 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, Sentinel 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. As part of their business, Sentinel, the General Partners and the Funds process, store and transmit large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Limited Partners. Similarly, service providers of Sentinel, the General Partners or the Funds, especially any administrator, may process, store and transmit such information. Sentinel's, the General Partners', the Funds' and portfolio companies' information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide

absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, Sentinel, the General Partners, the Funds and/or a portfolio company may have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in Sentinel's, the General Partners', the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including confidential or proprietary client information and/or personal information relating to investors (and the beneficial owners of investors). A cybersecurity incident could have numerous material adverse effects, including on the operations, liquidity and financial condition of the Funds. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Cyber threats and/or incidents could cause financial costs from the theft of Fund assets (including proprietary information and intellectual property) as well as numerous unforeseen costs including, but not limited to: litigation costs, preventative and protective costs, remediation costs; costs associated with reputational damage; misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt to 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. Any one of the foregoing could be materially adverse to the Funds. Such a failure could harm Sentinel's, General Partner's, the Funds' and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance.

The service providers of Sentinel, General Partner, the Funds and/or a portfolio company are subject to the same electronic information security threats as Sentinel, General Partner, the Funds and/or such portfolio company. If a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the Limited Partners may be lost or improperly accessed, used or disclosed.

#### *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 Sentinel, the General Partners, the 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 Sentinel, the General Partners, the 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 Sentinel, the General Partners, the Funds and/or their portfolio companies.

#### *Financial Institution Risk; Distress Events*

An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “**Financial Institution**”) of some or all of the Fund’s (or any portfolio company’s) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty (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, Sentinel, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur in connection with any future Distress Event or that any such intervention undertaken will 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 Sentinel to manage the Funds and their investments, and on the ability of Sentinel, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the 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 Sentinel 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 Sentinel will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that Sentinel will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, contractors, service providers or other counterparties of the Funds or a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that Sentinel 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 Sentinel seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, Sentinel 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.

### *Environmental, Social and Governance Matters*

Sentinel seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that Sentinel will be able successfully to implement its ESG policy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Sentinel, or any judgment exercised by Sentinel, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what ESG characteristics mean by region, industry and topic, as well as the interpretations of their scope and materiality. Sentinel's interpretations and decisions are expected to differ from others' views and could also evolve over time. In addition, in evaluating an investment, Sentinel expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause Sentinel to incorrectly assess a company's ESG practices and/or related risks and opportunities. Sentinel does not intend independently to verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on Sentinel's view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG Policies. For avoidance of doubt, however, Sentinel does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and Sentinel's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. Sentinel's ESG policies could become subject to additional regulation in the future, and Sentinel cannot guarantee that its current approach will meet future regulatory requirements or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

### *United Kingdom ("UK") Exit from the European Union (the "EU")*

The UK formally left the EU on January 31, 2020 ("**Brexit**"), and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services

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

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

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

#### *Russia-Ukraine Conflict*

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

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

#### **Private Equity Fund Risks**

### Investment in Junior Securities

The securities in which the Private Equity Funds are expected to invest are typically among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect the Private Equity Funds' investments once made.

### Leveraged Investments

The Private Equity Funds have in the past and are expected in the future to make use of leverage, for example, by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of a Private Equity Fund's investment. Leverage generally magnifies both the Private Equity Funds' opportunities for gain and the 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). The state of the broader credit markets is difficult to accurately forecast. During times when credit markets are tight, it may be difficult to obtain or maintain the desired degree of leverage. In these circumstances, a Private Equity Fund would be required to deploy additional capital commitments, to the extent available, which would further increase concentration in such Private Equity Fund. 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 Private Equity Fund's investments to any deterioration in a company's condition or industry sector, competitive pressures, an adverse economic environment, or rising interest rates and could accelerate and magnify declines in the value of a Private Equity 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. It is possible that a leveraged portfolio company in which a Private Equity Fund invests will not have sufficient cash flow to pay its current debt service obligations as they become due or will not be able to refinance its outstanding indebtedness on favorable terms, or at all, upon maturity. It is anticipated that certain portfolio companies will have outstanding variable rate debt. If a portfolio company is unable to timely meet its payment obligations or fails to satisfy applicable financial covenants, the portfolio company's lenders typically will have the ability to exercise a variety of remedies under the relevant credit documents, including foreclosing on the assets of the portfolio company that are used to secure the underlying debt. Any rights of a Private Equity Fund as an equity holder will be junior to the rights of the portfolio company's lenders, and investments by a Private Equity Fund in leveraged portfolio companies could be reduced or even eliminated. Furthermore, should the credit markets be limited or costly at the time a Private Equity Fund determines that it is desirable to sell all or a part of a portfolio company, such Private Equity Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Private Equity Funds will invest generally are not rated by a credit rating agency. Except where otherwise required by the relevant Limited Partnership Agreements, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

To the extent a 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 that Fund. As a result, a Fund's portfolio could become more

concentrated with respect to such investment than initially expected or otherwise provided for under such Fund's investment limitations, certain of which exclude bridge financing investments.

#### *Risks Arising from Provision of Managerial Assistance and Control*

A Private Equity Fund will often obtain rights to participate substantially in, and to influence, the management of such Private Equity Fund's portfolio companies, including the right to appoint representatives to the boards of directors of such portfolio companies. A Private Equity Fund typically will designate directors to serve on the boards of directors of portfolio companies. The designation of directors and other measures intended to influence the management of portfolio companies could expose the assets of a Private Equity Fund to claims by a portfolio company, its security holders and its creditors. While the Advisers will manage the Private Equity Funds in a way that is intended to minimize exposure to these risks, the possibility of successful claims or settlements of claims at significant cost cannot be precluded.

#### *Lack of Unilateral Control*

Even if a Private Equity Fund is the majority investor or controlling shareholder, as applicable, of a portfolio company, in certain circumstances it may not have unilateral control of the portfolio company. To the extent a Private Equity Fund invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of such Private Equity Fund or its Limited Partners. Such third parties may be in a position to take action contrary to a Private Equity Fund's business, tax or other interests, and such Private Equity Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment.

### **Continuation Fund Risks**

#### *Minority Investments*

The Continuation Funds expect to invest in minority positions of portfolio companies alongside other private equity funds and other third parties and in companies over which the Continuation Funds have no right to exert significant influence. In such cases, the Continuation Funds will significantly rely on the existing management teams and boards of directors of such companies, which will include representatives of other investors with whom the Continuation Funds are not affiliated and whose interests may conflict with the interests of the Continuation Funds. In connection with such minority stake holdings, it may be more difficult for a Continuation Fund to liquidate its interests than it would be had the Continuation Fund owned a controlling interest in such company. Even if a Continuation Fund has contractual rights to seek liquidity of the Continuation Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Continuation Fund, especially in cases where the other investors in such company have different business and investment objectives and goals. Additionally, it is possible that a portfolio company or third-party private equity fund could take actions that negatively impact the value of a Continuation Fund's investment or that prevent the Continuation Fund from disposing of its investment in the portfolio company. Furthermore, a Continuation Fund may in certain circumstances be liable for the actions of the third-party investors that participate in the investment. In addition, there can be no assurance that, if a Continuation Fund completes a minority transaction, there will be any minority

rights granted to the Continuation Fund or that such rights will provide sufficient protection of the Continuation Fund's interests.

#### *Reliance on Advisers and Portfolio Company Management*

Limited Partners generally have no right or power to take part in the management of the Continuation Funds, and as a result, the investment performance of the Continuation Funds will depend on the actions of the Advisers. As the Continuation Funds are expected to make substantially all of their investments in portfolio companies that have already been invested in by one or more of the other Funds, any adverse effects experienced as a result of the foregoing and other factors may have an amplified impact on the Continuation Funds.

### **Junior Capital Fund Risks**

#### *Leveraged Nature of Junior Capital and/or Senior Debt Investments*

The portfolio companies and/or holding entities in which the Junior Capital Funds will invest may be highly leveraged, thereby increasing the degree of credit risk inherent in each investment. Leverage often imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs or to pay principal and interest on a Junior Capital Fund's investments when due. The leveraged capital structure of portfolio companies will increase the exposure of the Junior Capital Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates. In the event any portfolio company cannot generate adequate cash flow to meet debt service, the relevant Junior Capital Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of such Junior Capital Fund. Furthermore, the companies and securities in which the Junior Capital Funds will invest generally will not be rated by a credit rating agency.

#### *Disproportionate Impact of Single Investments*

The lower return profile typical of most junior capital and senior debt investments may result in an unsuccessful investment having a disproportionate adverse impact on a fund focused on junior capital investments as compared with the impact of an unsuccessful equity investment on a private equity fund.

#### *Character of Income for Tax Purposes; Phantom Income*

It is anticipated that the Junior Capital Funds may generate substantial ordinary income in addition to capital gains. Based on the Junior Capital Fund entities' status as partnerships for U.S. federal income tax purposes, each Limited Partner will be required to recognize its allocable share of the taxable income and gain of the applicable Junior Capital Fund entity. A Limited Partner's tax liability for a year may exceed such Limited Partner's cash distributions for such year.

Certain anticipated features of the Junior Capital Funds' investments (including junior capital investments with a pay-in-kind or contingent interest structure or with an issue discount, including issue discounts attributable to a Junior Capital Fund's receipt of closing fees or "points" or a related acquisition by a Junior Capital Fund of warrants or other equity instruments) could cause investors to incur income tax liabilities in excess of any distributions from such Junior Capital Fund. In addition, the Junior Capital Funds may invest in securities of corporations and

other entities organized outside the United States. Income from such investments included in a Limited Partner's distributive share of a Junior Capital Fund's income may be subject to tax without a corresponding receipt of cash by such Junior Capital Fund.

Furthermore, there can be no assurance that any Junior Capital Fund will have sufficient cash flow to permit it to make annual distributions in the amounts necessary for its Limited Partners to pay all tax liabilities resulting from such Limited Partners' ownership of limited partner interests in such Junior Capital Fund.

### *Non-controlling Investments*

The Junior Capital Funds anticipate that they will principally hold debt and equity obligations and other non-controlling interests in portfolio companies and, therefore, will have a limited ability to protect their positions in such portfolio companies. However, a Junior Capital Fund will generally act in accordance with the lead Independent Investor, which will seek appropriate creditor and shareholder rights to help protect such Junior Capital Fund's interest. In addition, junior capital securities that the Junior Capital Funds are expected to acquire are typically junior to the obligations of a borrower to senior creditors, senior secured creditors and trade creditors, and, therefore, the ability of a Junior Capital Fund to use its position as a holder of junior capital investments to influence a borrower's affairs, especially during periods of financial distress or following an insolvency, will be substantially less than that of senior creditors and senior secured creditors. Further, debt obligations may be syndicated to a number of different financial market participants and the terms of such debt obligations may require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a bankruptcy plan of reorganization is done on a class basis. As a result of these voting regimes and the Junior Capital Funds' agreement to generally vote alongside the lead Independent Investor rather than in the discretion of the relevant Junior Capital Fund's General Partner, a Junior Capital Fund would not have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring, or reorganization of debts owed to such Junior Capital Fund. Accordingly, the other holders of the class of securities or other instruments held by a Junior Capital Fund could approve an action that is contrary to the interests of such Junior Capital Fund or that the General Partner of such Junior Capital Fund does not agree with. Other holders may have interests that conflict with or differ from the interests of a Junior Capital Fund.

### *Loans to Private Companies*

Loans to private and middle-market companies involve a number of particular risks that may not exist in the case of large public companies, including: (a) these companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors such as a Fund dependent on any guarantees or collateral they may have obtained; (b) these companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns; (c) there may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality; and (d) these companies are more likely to depend on the management talents and efforts of a small group of persons; as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations.

### *Risks Related to Debt Investment*

The Junior Capital Funds are expected to make debt investments that may become nonperforming in the future. In addition to the risks of borrower default, portfolio company assets may be mismanaged or otherwise may have declined in value and/or may in the future decline in value. Borrowers may contest enforcement of credit agreements or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability. Moreover, in certain situations, because a Junior Capital Fund, in the exercise of its remedies or rights under loan documents, may obtain contractual rights to participate in or to influence the management of borrowers, the likelihood is increased that a borrower may claim that such Junior Capital Fund interfered with the borrower's business, acted in bad faith in exercising its management rights or otherwise acted in a manner giving rise to a claim for lender liability. The exercise of remedies may not be led or controlled by the relevant Junior Capital Fund, and may be led or controlled by a holder of a different class of securities which may be in conflict with the interests of such Junior Capital Fund. As a lender, a Junior Capital Fund may also be subject to penalties for violations of state usury limitations, which may result in penalties assessed against such Junior Capital Fund or other liability to such Junior Capital Fund.

The Junior Capital Funds' investments may be subject to early redemption features, refinancing options, pre-payment options, or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by a Junior Capital Fund earlier than expected. For example, it is common for second lien debt to be repaid prior to its maturity; thus, the actual duration of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments are permitted and the timing of prepayments cannot be predicted with any accuracy. The degree to which issuers prepay debt, whether as a contractual requirement or at their election, may be affected by general business conditions, market interest rates, the issuer's financial condition, and competitive market conditions among lenders.

In addition, investments in debt may involve workout negotiations or restructuring. However, even if a restructuring were successfully accomplished, there are risks of a substantial reduction in the interest rate and/or a substantial write-down of the principal of such debt, each of which will potentially also have adverse tax consequences.

### *Credit Risks of Investments in Debt Securities*

Debt portfolios are subject to credit risk, which is the likelihood that an issuer will default in the payment of principal and/or interest on an instrument, and interest rate risk, which is the risk associated with market changes in interest rates. Financial strength and solvency of an issuer are the primary factors influencing credit risk. Borrowers may face intense competition, changing business and economic conditions, or other developments that may adversely affect their performance and increase credit risk. In addition, subordination or lack or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of an investment. In addition, borrowers may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement, and/or bring claims for lender liability in response to actions to enforce debt obligations. If any of the above occurred, a Junior Capital Fund's investment in such financial assets could be adversely affected.



### Interest Rate Risk

Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of the credit investments in a Junior Capital Fund's portfolio or the pricing of acquisitions. The ability of companies or businesses in which a Junior Capital Fund may invest to refinance debt instruments or repay debt obligations (including making payments to such Junior Capital Fund as a creditor with respect thereto) may depend on their ability to obtain financing, including by selling new securities or instruments in the high yield debt or bank financing markets, which at certain points have been extraordinarily difficult to access at favorable rates. Volatility and instability in the credit or securities markets may also increase the risks inherent in a Junior Capital Fund's investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities and other instruments) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. The current consensus is that the U.S. Federal Reserve will continue to tighten the monetary supply and increase benchmark interest rates, which may have a negative impact on the price of debt instruments globally and could adversely affect the value of a Junior Capital Fund's investments. Additional factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, and instability in domestic and foreign financial markets. The Advisers expect that each Junior Capital Fund will periodically experience imbalances in its assets and liabilities as a result of changes in interest rates. In a changing interest rate environment, a Junior Capital Fund may not be able to manage this risk effectively. If a Junior Capital Fund is unable to manage interest rate risk effectively, such Junior Capital Fund's performance could be adversely affected. While the Junior Capital Funds are permitted to seek to do so, they are not required to hedge their interest rate risk.

### Prepayment of Investments

While an investment may have a stated maturity, borrowers may prepay their debt obligations prior to such maturity. Early prepayment, particularly by good credits, reduces a Junior Capital Fund's opportunity to make long-term compounded returns. Later prepayment, particularly by weaker credits, can tie up a Junior Capital Fund's capital in investments which may have a greater risk of default. Either way, the shortening or lengthening of the holding period may prevent a Junior Capital Fund from realizing its projected returns.

### Uncertain Exit Strategies

Although a Junior Capital Fund will often invest with the intention of holding a debt security to maturity or exit alongside the relevant Private Equity Fund, in some cases, the Independent Investor may determine it is advisable to exit a position earlier or, in other cases, the relevant Private Equity Fund may determine it is advisable to prepay, redeem or refinance the debt security earlier. However, due to the illiquid nature of some of the positions which a Junior Capital Fund is expected to acquire, the General Partner of such Junior Capital Fund will be unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political, or other factors.

### *Nature of Junior Capital and Other Subordinated Investments*

Most of the Junior Capital Funds' investments will consist of senior debt, junior capital and equity securities and/or other instruments, loans or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Junior capital and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated debt generally is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and are often unsecured.

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders (including the lead Independent Investors) to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the junior debt or other exercises by the subordinated creditors of their rights. Accordingly, a Junior Capital Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all. Further, the unsecured debt in which a Junior Capital Fund may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity, and might not be rated by a credit rating agency.

Subordinated debt investments may increase a Junior Capital Fund's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy, or deterioration in the condition of the portfolio company on the subordinated debt investment. Conversely, junior capital loans and other subordinated debt investments are often less risky than equity investments because the claims of subordinated debt investors are typically senior to those of equity holders in the company. In the event that any portfolio company on a junior capital loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of a Junior Capital Fund's investment in such loan could be significantly reduced or even eliminated.

If a portfolio company becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of junior capital and subordinated debt may be adversely affected. Such proceedings and related laws and remedies may vary substantially from jurisdiction to jurisdiction, may create the right of such portfolio company to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to a Junior Capital Fund. With respect to a Junior Capital Fund's investments in the form of subordinated debt instruments, upon any distribution to the relevant borrower's creditors in a bankruptcy, liquidation, or reorganization, or similar proceeding, the holders of such borrower's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on such Junior Capital Fund's investment. In the event of a bankruptcy, liquidation, or reorganization, or similar proceeding relating to such a borrower, a Junior Capital Fund will typically participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such borrower may not have sufficient funds to pay all of its creditors, and such Junior Capital Fund may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such borrower or the holders of indebtedness that is not subordinated.

### Investments in Convertible Debt

A Junior Capital Fund is permitted to make investments in convertible debt securities and/or other instruments. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable issuer, government fiscal policy, and domestic or worldwide economic conditions.

### Investments in Unitranche Debt

A Junior Capital Fund is permitted to invest in unitranche debt investments, which is an instrument that combines senior secured debt and subordinated debt into a single debt instrument. Unitranche loans are subject to similar risks associated with loans in general described herein. In addition, because unitranche loans are a newer form of debt instrument and they have not been fully evaluated through a credit cycle, they could subject a Fund to risks that have not been fully identified at this time. Further, the complex terms of unitranche debt have not yet been widely tested in bankruptcy and workout situations. As a result, default and loss expectations are more difficult to estimate with respect to unitranche debt as compared to other forms of debt instruments such as senior loans and subordinated debt instruments. In particular, in a bankruptcy proceeding involving a unitranche loan, there is a risk that the entire unitranche loan will be viewed as a single secured claim. If the collateral is insufficient to secure the entire unitranche loan, it will likely be deemed as an unsecured claim in its entirety. The untested nature of unitranche loan arrangements also exposes a Fund to a heightened risk of litigation among the lender group in the event of bankruptcy.

### Covenant-Lite Loans

There will likely be instances in which a Junior Capital Fund's investments do not require the maintenance of financial covenants ("**Covenant-Lite Loans**") in the related loan documentation. An investment in a Covenant-Lite Loan may potentially hinder the ability to reprice credit risk associated with a portfolio company's performance and reduce the creditors' ability to restructure a non-performing loan and mitigate potential loss. As a result, a Junior Capital Fund's exposure to losses may be increased, which could result in an adverse impact on such Junior Capital Fund's return to its Limited Partners.

### Warrants

A Junior Capital Fund is permitted to receive warrants, and in certain circumstances prior to exit, may choose to or be required to exercise such warrants in order to hold the underlying securities. A Junior Capital Fund would seek to negotiate "cashless" exercise for all warrants that it receives, whereby no investment will be required to convert; however, on occasion it may not be possible to negotiate such "cashless" exercise, and such Junior Capital Fund may be required to invest cash to convert warrants and hold underlying securities, which may subsequently lose some or all of their value.

### Issuer Fraud: Breach of Covenant

A Junior Capital Fund (or the lead Independent Investor(s) on behalf of such Junior Capital Fund) will generally seek to obtain structural, covenant, and other contractual protections with respect to the terms of its investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to a Junior Capital Fund's investments will achieve their desired effect and potential investors should regard an investment in a Junior Capital Fund as being speculative and having a high degree of risk. Of paramount concern in investments in debt instruments is the possibility of material misrepresentation or omission on the part of the company. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the debt or enterprise value of the companies or may adversely affect the ability of a Junior Capital Fund to perfect or effectuate a lien on any collateral securing the debt. A Junior Capital Fund will rely upon the accuracy and completeness of representations made by companies to the extent reasonable when it makes its investment decisions, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Junior Capital Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

### Risks Associated with Bankruptcy Cases

A Junior Capital Fund is permitted to invest in companies that may enter into, chapter 11 bankruptcy or insolvency proceedings. The markets in bankruptcy claims are not generally regulated by U.S. federal securities laws or the SEC. Many of the events within bankruptcy or insolvency proceedings are adversarial and are often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that bankruptcy courts would decide favorably toward, or consistent with the interests of the relevant Junior Capital Fund. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor.

As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to a company and/or the relevant Junior Capital Fund, and is subject to unpredictable and lengthy delays. In addition, during the process, a company's competitive position may erode, key management may depart, and the company may not be able to invest adequately in the operations of its business. In some cases, a company may not be able to reorganize and may be required to liquidate assets. Decisions by a Junior Capital Fund to invest primarily in the debt of such companies may not be protective of such Junior Capital Fund's economic interests, as the debt of companies in the process of financial reorganization generally will not pay current interest, may not accrue interest during reorganization, and may be adversely affected by an erosion of the issuer's fundamental value. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for the purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that a Junior Capital Fund's influence with respect to a class of claims can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs and claims (for example, claims for taxes) that have priority by law over the claims of certain creditors may be quite high.

A bankruptcy proceeding involving a portfolio company in which a Junior Capital Fund and a Private Equity Fund have investments could create conflicts of interest in which actions or decisions that may be beneficial to one party, and adverse to another, are presented to the Advisers. While a Junior Capital Fund generally will be subject to the actions and decisions of the lead Independent Investor, there can be no assurance that such investor will act in the best interests of such Junior Capital Fund or that the relevant Private Equity Fund will not seek and receive benefits that may operate to the detriment of such Junior Capital Fund and its Limited Partners, and the General Partner of such Junior Capital Fund shall not be deemed to have violated its fiduciary duty in such event.

#### Future Funding Obligations

A Junior Capital Fund may from time to time incur funding obligations that may arise in the future in connection with an investment. For example, a Junior Capital Fund may purchase from a lender or issue a credit facility that has not yet been fully drawn. If the borrower subsequently draws down on the facility, such Junior Capital Fund would be obligated to fund the amounts due.

#### Equitable Subordination

Under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of an issuer to the detriment of other creditors of such issuer, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stockholder to dominate or control an issuer to the detriment of other creditors of such issuer, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors (a remedy called “equitable subordination”). Due to the nature of the debt obligations, a Junior Capital Fund may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated. This equitable subordination risk may particularly result from a Junior Capital Fund making investments in portfolio companies owned and controlled by the Advisers and their affiliates. Particularly, in a bankruptcy proceeding, a Junior Capital Fund’s investment in a portfolio company may be subordinated or otherwise adversely affected by virtue of such Sentinel affiliation with such Junior Capital Fund and its ownership of the particular portfolio company.

#### Lender Liability Considerations

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories, including equitable subordination (collectively termed “lender liability”). Generally, lender liability is founded upon the premise that the institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in the creation of a fiduciary duty owed to the borrower. Furthermore, a Junior Capital Fund may be unable to control the conduct of the lenders under a loan syndication agreement requiring less than a unanimous vote, yet such Junior Capital Fund may be subject to lender liability for such conduct.

#### Non-U.S. Bankruptcy Laws

Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in

the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority, and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain. Please see “Risks Associated with Bankruptcy Cases” above.

#### *Non-Payment of Principal and Interest; Adequacy of Collateral*

A Junior Capital Fund’s investments are subject to the risk of non-payment of scheduled interest or principal by the issuers with respect to such investments. Such non-payment would likely result in a reduction of income to the relevant Junior Capital Fund and a reduction in the value of the investments experiencing non-payment. Although its holdings generally will be unsecured, a Junior Capital Fund may make investments that the General Partner of such Junior Capital Fund believes are secured by specific collateral, the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the issuer’s obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of an issuer, a Junior Capital Fund could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment.

#### *Time Required for Maturity of Investments*

Certain investments may have maturities longer than the maturity of a Junior Capital Fund. Furthermore, a Junior Capital Fund is permitted to, in connection with collateral held by it (if any), acquire non-marketable common or preferred equity securities and other illiquid assets with equity participation features, which, to the extent that they have value at all, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant distributions to Limited Partners of a Junior Capital Fund will occur for a number of years from the date of the applicable capital contributions with respect to such investments, and certain investments may be disposed of upon dissolution of such Junior Capital Fund for less than their potential value.

#### *Inability to Vote Certain Positions*

As a result of voting agreements or other arrangements relating to certain issuers, securities or instruments in which a Junior Capital Fund is invested, including as required by arrangement with the Private Equity Funds or an Independent Investor, the General Partner of such Junior Capital Fund or its affiliates will restrict its ability to vote or take other actions with respect to such issuers or securities. In such situations, the General Partner of such Junior Capital Fund will not be able to vote or take other actions with respect to such issuers or securities in the manner that it otherwise would believe to be in the best interests of such Junior Capital Fund and is permitted to affirmatively take actions on behalf of the Private Equity Funds or at the direction of the Independent Investor that are detrimental to such Junior Capital Fund.

#### *Lack of Sufficient Debt Investment Opportunities*

It is possible that a Junior Capital Fund will never be fully invested if enough sufficiently attractive investments are not identified and/or if the lead Independent Investor does not offer such Junior Capital Fund all or any portion of the relevant investment opportunity. There may be fewer opportunities for junior capital investments if the presence of a Junior Capital Fund means certain buyers would not satisfy minimum requirements. On deals when there is no Private Equity

Fund investment, the relevant Junior Capital Fund will compete for investment opportunities with a number of other sources of capital with similar investment objectives, including other private investment funds (particularly those focused on junior capital and/or senior debt investments), financial institutions and other institutional investors, some of whom have greater capital and general partners or other decision-makers or controlling persons who are more experienced in the junior capital financing area. In addition, companies seeking an infusion of capital may choose to draw upon the public debt or equity markets, or obtain first and/or second lien debt financing instead of issuing privately placed junior capital securities.

#### *Lack of Control over Portfolio Companies*

The Advisers will typically have board representation and other control rights with respect to the portfolio companies in which the Junior Capital Funds invest, and they will primarily exercise such rights for the benefit of the Private Equity Funds and not for the Junior Capital Funds. The Junior Capital Funds will typically not have voting rights and will be deferring to the lead Independent Investor on negotiation of terms or if difficulties arise for a portfolio company in meeting its debt or other obligations. Such lead Independent Investor may have been selected for pricing reasons or for other relationships with the Advisers, and might therefore take into account interests that are not aligned with those of the relevant Junior Capital Fund or seek objectives that are not shared by such Junior Capital Fund, and such lead Independent Investor may have limited experience with the industry in question.

#### *LIBOR and Other Reference Rates*

To the extent that (i) a Fund's investments (whether made, acquired or otherwise) and/or (ii) a Fund's and/or its affiliates' credit arrangements or facilities, hedging activities, derivative- or other structures, in each case, are subject to, utilize or otherwise reference, whether directly or indirectly, a variable interest rate that is based on (or calculated with reference to) the London Interbank Offered Rate ("**LIBOR**", and together with the Euro Interbank Offered Rate, the Canadian Dollar Offered Rate, the Secured Overnight Financing Rate ("**SOFR**"), the Sterling Overnight Index Average ("**SONIA**"), or any other reference rate, benchmark or index, including in each case, any permutations thereof and any credit spread adjustments thereto, collectively, the "**Benchmark Rates**"), a Fund may be subject to certain material risks, some of which are described below.

LIBOR is an estimate of the rate at which a sub-set of traditional banks can borrow money from other banks and, together with other interbank offered rates (together with LIBOR, each an "**IBOR**"), is widely used as a reference for interest rates on credit and other financial instruments and agreements globally. It is expected that no United States Dollar-LIBOR tenors will be published after June 2023 although such tenors may cease being published, or cease to be representative of the market, before then. Regulators, central banks, governments and other market participants are working on replacement Benchmark Rates and the transition of existing instruments and contracts to such new rate. Although it is not possible to identify a comprehensive set of potential risks at this time, the termination of LIBOR presents certain risks to a Fund including, among others: (i) increased volatility or illiquidity in markets, (ii) material delays in or reductions to financing options for actual or prospective Portfolio Companies, (iii) increased cost of borrowing to a Fund and/or to actual or prospective Portfolio Companies, (iv) reduction in the value of certain instruments or the effectiveness of related transactions such as hedges, (v) uncertainty under applicable documentation, or difficult and costly consent processes for any required amendments to applicable documentation for a Fund as a borrower or counterparty, or for any actual or prospective Portfolio Companies in such capacities, (vi) costs of modifications to

a Fund's processes and systems (including IT), and/or costs of administrative services and operations, including monitoring of recommended conventions and Benchmark Rates, or any component of or adjustment to the foregoing, and (vii) costs of causing a Fund and/or, indirectly, causing one or more Portfolio Companies to incur expenses to manage the transition away from LIBOR. Any such effects of the transition away from LIBOR and the other IBORs, as well as other unforeseen effects, may result in expenses, difficulties, complications or delays for impacted markets and instruments, and could have a material adverse impact on a Fund and/or its investments. Additionally, to the extent swaps, hedges, and/or similar derivatives or instruments that use or reference, whether directly or indirectly, LIBOR or other similar Benchmark Rate, including swaps or contracts used to manage long-term interest rate risk related to assets and/or liabilities, are entered into, in addition to the potential need for renegotiation, there also may be different conventions that arise in different but related market segments, which could result in mismatches between different assets and liabilities and, in turn, in possible unexpected gains and/or losses. Some of these replacement rates may also be subject to compounding or adjustments that cause administrative challenges for a Fund and the portfolio companies, and their respective affiliates and service providers.

Sentinel and the General Partners do not have prior experience investing during a period of Benchmark Rate transition and there can be no assurance that it will be able to manage the Funds' business or performance in a profitable manner before, during or after such transition.

### **Conflicts of Interest**

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

During the investment period of a Fund, Sentinel generally will pursue all appropriate investment opportunities that meet the investment criteria of such Fund, principally for the benefit of such Fund, subject to certain exceptions set forth in each Fund's Limited Partnership Agreement and Sentinel's allocation policies. However, Sentinel currently manages, and expects in the future to manage, a number of Funds and other investment vehicles (including a SPAC) whose investment strategies resemble or differ from that of a Fund. Sentinel personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. During the life of a Fund, the Sentinel principals and investment professionals expect to spend a portion of their business time and attention pursuing investment opportunities for such other Funds and vehicles and expect to direct certain relevant investment opportunities or resources to those Funds and vehicles. Conflicts will arise in the allocation of the time and attention of the Sentinel



principals among a Fund and other Funds. Such other Funds and portfolio companies that Sentinel and its affiliates expect from time to time to control generally have the potential to compete with a Fund or companies acquired by such Fund. At such time as Sentinel is permitted to raise a successor investment fund to a Fund, Sentinel will continue to manage such Fund's investments, but the Sentinel principals also reserve the right to, and likely will, focus their investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an advisory opportunity is received that is unsuitable for a Fund, in Sentinel's sole discretion, Sentinel and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by relevant governing documents of the Funds, Sentinel personnel are permitted to serve on boards or act in other roles unaffiliated with Sentinel, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

Sentinel believes that the significant investment of the Sentinel principals in a Fund, as well as Sentinel's interest in the Carried Interest, operate to align, to some extent, the interest of the Sentinel principals with the interest of such Fund's Limited Partners, although the Sentinel principals have economic interests in such other Funds and investments as well and receive Management Fees and Carried Interests relating to these interests. The potential for conflicts is likely to be heightened in the case of managing a Junior Capital Fund as Sentinel generally receives higher rates in Management Fees and Carried Interest from a Private Equity Fund than a Junior Capital Fund, and the investment of the Sentinel principals in the Private Equity Funds is substantially greater than their investment in the Junior Capital Funds. It is generally expected that the Sentinel principals will spend the primary portion of their business time and attention pursuing investment opportunities for the Private Equity Funds and the principals will have no specific time and attention requirements for the Junior Capital Funds and monitoring of portfolio companies will be principally for the benefit of the Private Equity Funds.

Certain investments will be allocated among the Funds in a manner as set forth in the applicable Limited Partnership Agreements. In determining the level of participation in such investment opportunities among such Funds, Sentinel is subject to conflicts of interest among the Limited Partners in such Funds. Except as required by the relevant Fund's governing documents, Sentinel is not obligated to recommend any investment to any particular Fund. Investments by more than one Fund in a portfolio company have the potential to also raise the risk of using assets of a client of Sentinel to support positions taken by other clients of Sentinel. There can be no assurance that any Fund's return from such a transaction would be equal to and not less than another Fund participating in such transaction or that it would be as favorable as it would have been had such conflict not existed.

To determine which Fund(s) will participate in an investment opportunity, Sentinel generally assesses whether such investment opportunity is appropriate for each Fund based on such Fund's Limited Partnership Agreement as well as factors including but not limited to: investment restrictions and objectives (including those set forth in the relevant Funds' Limited Partnership Agreement, where applicable); strategy; risk profile; time horizon; tax sensitivity; tolerance for turnover; asset composition, diversification limitations; cash level (if any); applicable tax and regulatory considerations; life cycle; structure and other relevant factors. A Fund generally reserves the right to invest together with other Funds in the manner set forth in the relevant Limited Partnership Agreements. Subject to the terms of the relevant Limited Partnership Agreements, Sentinel will determine the allocation of investment opportunities among Funds in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with

Sentinel's obligations and reserves the right to take into consideration factors such as those set forth above. As Continuation Fund I is expected to make investments in portfolio companies that have been held by one or more other Funds, any participation in a portfolio investment made by Continuation Fund I will raise conflicts among the interests of the investors of Continuation Fund I participating in such portfolio investments and the interests of the investors of other Funds that previously held those portfolio companies.

There may be circumstances where the Advisers believe it appropriate that an existing Fund should retain and/or otherwise continue to participate in all or a portion of an investment that might otherwise be available to a Continuation Fund, even where a third party is acquiring the investment and requesting or otherwise permitting that Sentinel remain a minority investor in such investment (and would therefore otherwise be a suitable investment opportunity for the Continuation Fund). Such circumstances could include, by way of example, the size of such investment opportunity not being appropriate for a Continuation Fund, such investment opportunity not fitting the Continuation Fund's overall portfolio balance, risk allocation or portfolio diversification, the stage of the selling fund's investment period, ability to make follow-on investments, preferences or potential alignment with the third-party investor, and/or the degree to which Sentinel has executed on its initial investment thesis.

It is possible that a Junior Capital Fund will not invest in certain junior capital securities or receive a full allotment, even where a Private Equity Fund acquires a company, if there is no Independent Investor or the Independent Investor does not make sufficient securities available to such Junior Capital Fund. In addition, a Junior Capital Fund is expected to hold different amounts, on a relative basis (by both dollars and percentage) in the debt securities of certain portfolio companies as compared to others, including because (i) the Independent Investor demands (or conversely is unwilling to take) a greater percentage of the debt securities in order to consummate the investment on attractive terms or (ii) Sentinel determines that such Junior Capital Fund should acquire a smaller percentage of the debt securities, based on a range of factors, including, but not limited to capital available to such Junior Capital Fund, the size of the transaction, portfolio diversification, investment guidelines, tax or regulatory considerations, risk allocation, contractual prohibitions and/or portfolio balance. Investments in which a Junior Capital Fund receives a comparatively larger allocation of the available opportunity, particularly if the lead Independent Investor was not willing to take a larger percentage, generally reflect a higher risk of loss or other features viewed as negative by such Independent Investor (or competing bidders that did not acquire such debt securities), and therefore losses in such cases would occur disproportionately in such Junior Capital Fund's larger holdings, which would negatively affect such Junior Capital Fund's performance.

Following its determination of allocation among the Funds, Sentinel reserves the right to offer co-investment opportunities to one or more potential co-investors, including Outside Operating Partners, vendors, service providers, Limited Partners and/or other third parties, subject to the applicable Fund's Limited Partnership Agreement and Sentinel's procedures regarding allocation. Sentinel has in the past provided, and Sentinel expects, in its sole discretion, to provide or commit to provide co-investment opportunities to Limited Partners or third parties, in each case on terms to be determined by Sentinel in its sole discretion (and with respect to a Junior Capital Fund is generally required to seek participation of an Independent Investor, which may be a Limited Partner or third-party co-investor). Co-investment opportunities typically will, if any Limited Partner is involved, be offered to some and not to other Limited Partners, and the consideration of the factors set forth below likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant

investment opportunity that theoretically could have been taken by the relevant Fund, and Sentinel expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties and (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the “most-favored nation” provisions of a Fund’s Limited Partnership Agreement. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner’s interest in limiting a Fund’s exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment.

Furthermore, the applicable General Partner or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Sentinel’s procedures permit Sentinel to take into consideration a variety of factors in allocating co-investment opportunities, including but not limited to: expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; tax, regulatory, securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; Sentinel’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 Sentinel’s ability to execute the relevant transaction in the desired time or on desired terms; any services provided by the prospective co-investor with respect to the investment opportunity or to the issuer or portfolio company relating thereto; size of the investment allocation and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; the size and/or timing of a commitment to a Fund; and whether Sentinel believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant portfolio company, other portfolio companies, the Funds or Sentinel. Although Sentinel reserves the right to consider a prospective co-investor’s willingness to invest in future Funds, such willingness will not be the sole determining factor considered by Sentinel in identifying co-investors. Conflicts of interest are expected to arise from time to time in the

allocation of such co-investment opportunities. The allocation of co-investment opportunities, which will be made by a General Partner in its sole discretion to one or more persons for any number of reasons as described above, will not always be in the best interests of the relevant Fund or any individual Limited Partner, considered on a standalone basis.

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

The Private Equity Funds have in the past co-invested with, and in the future expect to co-invest with, third parties through partnerships, joint ventures or other entities or arrangements. Such investments have the potential to involve risks not present in investments where a third party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the relevant Fund, or may be in a position to take action contrary to the investment objectives of such Fund. In addition, a Fund, in certain circumstances, can potentially be liable for actions of its third-party co-venturer or partner or bear costs, expenses or other obligations in a manner disproportionate to such Fund's interests in such co-venture or co-investment. There can be no assurance that a Fund's return from a transaction will be equal to and not less than the return of another party that was allocated a co-investment opportunity and that is participating in the same transaction. Furthermore, a Fund or an affiliate thereof will likely have the right to appoint directors and/or officers in respect of certain portfolio investments of such Fund. Such rights, if applicable, are typically granted for the benefit and protection of a Private Equity Fund in respect of such Private Equity Fund's investment in the related portfolio investment. If there are any co-investors and/or co-investment vehicles that participate in the applicable investment alongside a Private Equity Fund, such co-investors will likely incidentally benefit as a result of any such appointments by such Private Equity Fund. Co-investors (including their respective co-investment vehicles, even if managed by Sentinel) will not typically bear the cost of D&O and/or other applicable liability insurance related to such appointments by a Fund or an affiliate.

Sentinel expects that most of a Junior Capital Fund's investments will be made in or with the same portfolio companies or issuers as the Private Equity Funds, and a Junior Capital Fund generally will make such investments, unless otherwise agreed to by its advisory committee or unless the investment is a transaction in which such Junior Capital Fund invests by itself without co-investing alongside a Private Equity Fund, in substantially the same type of junior capital securities acquired by, and made on substantially the same terms (including pricing) as have been accepted by, one or more Independent Investors in such issuance of securities (other than a Private Equity Fund); which Independent Investors are collectively acquiring at least 20% of the total issuance of junior capital securities of a particular portfolio company in which a Junior Capital Fund is investing, and will possess (collectively or through a representative) more than 50% of the control rights (including pursuant to voting agreements, negative covenants or similar provisions).

Notwithstanding the foregoing, if a Junior Capital Fund has made an initial investment in a Private Equity Fund portfolio company in the same class of securities as such Private Equity Fund, it reserves the right to exercise certain rights or options, such as preemptive rights,

regardless of whether such Private Equity Fund or the Independent Investor exercises its equivalent right. Furthermore, if there are additional opportunities for a Junior Capital Fund and Private Equity Fund to make investments in a portfolio company (including in the event that one or more Independent Investors that has preemptive rights with respect to such investment but elects not to participate), the Junior Capital Fund and Private Equity Fund may make such follow-on investment in such proportions and amounts as determined in good faith by Sentinel or an affiliate thereof (it being understood that, for the avoidance of doubt, such Junior Capital Fund or such Private Equity Fund may make all or a portion of such additional investment on a standalone basis). Follow-on investments in junior capital securities for the Junior Capital Fund in respect of investments in Private Equity Fund portfolio companies will be permitted on the same conditions as the Junior Capital Fund's initial investments in such portfolio companies. In addition, in the event that a follow-on investment opportunity arises in respect of a portfolio company in which both a Junior Capital Fund and a Private Equity Fund are invested, and the Independent Investor elects not to participate because, among other things, it does not have sufficient available funds to do so, such Junior Capital Fund will not be prohibited from participating in such follow-on opportunity so long as an Independent Investor agrees to invest in such follow-on investment opportunity and such investment by such Junior Capital Fund is made on substantially the same terms (including price) as have been accepted by such Independent Investor. Further, in the event that an Independent Investor elects to sell or otherwise transfer its interest to a separate third-party Independent Investor, a Junior Capital Fund will have the right to either take such actions as are consistent with such Independent Investor or deem such person acquiring such interests as a replacement Independent Investor.

These and other situations will involve potential conflicts of interest. Any investment by a Junior Capital Fund in an entity in which a Private Equity Fund has a pre-existing investment (or vice versa) could be viewed, especially in hindsight, to have been made based on a non-arms-length valuation. Similarly, a Private Equity Fund may later invest in entities in which a Junior Capital Fund has invested, which has the ability to have an effect (either positive or negative) on the market price of such Junior Capital Fund's investments. In circumstances in which a Junior Capital Fund makes an investment in an entity in which a Private Equity Fund has a pre-existing investment, such Private Equity Fund expects to make business decisions relating to such investment (such as, for example, financing or hedging interest rate, currency or credit risk) independently of the analogous decisions made with respect to such investment by the Junior Capital Fund. This can potentially result in situations where a Junior Capital Fund chooses not to hedge certain risks that a Private Equity Fund does hedge (or vice versa), or the possibility that a Junior Capital Fund is exposed to risks of financing (for example, possible margin calls) on an investment when a Private Equity Fund is not (or vice versa). Although Sentinel will employ procedures to address such conflicts, there can be no assurance that such conflicts will be resolved in a manner that is favorable to a Junior Capital Fund and its Limited Partners. Subject to the terms of a Junior Capital Fund's Limited Partnership Agreement, in the event that a portfolio company in which such Junior Capital Fund and a Private Equity Fund each hold an interest becomes financially troubled, Sentinel may be required to take actions consistent with those of the relevant Independent Investor with respect to such portfolio company and shall not be deemed to have violated any duty to such Junior Capital Fund in such scenario and Sentinel will act on behalf of the relevant Private Equity Fund without consideration of such Junior Capital Fund's interests. In addition, no assurance can be made that the fact a Junior Capital Fund is investing in the same portfolio companies or issuers as a Private Equity Fund will not cause some Independent Investors to cease investing with Sentinel or to modify the terms of the relevant junior capital opportunity.

While it is expected that there will be circumstances when a Junior Capital Fund will acquire a certain portion of the securities that are not junior capital securities (including securities that are acquired by or might otherwise be appropriate to offer a Private Equity Fund) which creates a conflict of interest between such Junior Capital Fund and Private Equity Fund with respect to such investments, it is also expected that the Junior Capital Funds and the Private Equity Funds will invest in different parts of the capital structure of the same portfolio company and will also face conflicts of interests when doing so. For example, (i) a Private Equity Fund will hold equity securities while a Junior Capital Fund will hold securities or other instruments which, at the time of initial investment, have attributes such as liquidation or other preferences, or interest obligations, coupon, or debt or other debt-like features, including, without limitation, instruments (which may be equivalent to securities held by such Private Equity Fund) issued in respect of warrants or conversion rights or mechanisms applicable thereto, in each case, including any follow-on investments thereon or (ii) a Junior Capital Fund will hold a certain class of debt instruments while a Private Equity Fund holds a different class of preferred or debt-like instruments of the same portfolio company. To the extent that a Junior Capital Fund invests in a debt instrument of a portfolio company in which a Private Equity Fund holds equity securities, Sentinel expects to be subject to conflicts of interest in participating in the negotiations regarding the terms of such debt instrument and in managing such Junior Capital Fund's and such Private Equity Fund's investments in such portfolio company on a going-forward basis. Conflicts may arise between a Junior Capital Fund and a Private Equity Fund in negotiating, generally along with the Independent Investor, as to the price of the debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders, and the other terms and conditions of investment or in addressing subsequent amendments or waivers.

There can also be conflicts as a Private Equity Fund may desire optimal flexibility to grow the portfolio company, while the Independent Investor may want to place tighter restrictions on the type and the amounts of permitted investments and acquisitions. For example, in controlling a company, a Private Equity Fund could have an interest in pursuing an acquisition that would increase indebtedness, a divestiture of revenue-generating assets, or other similar transactions that have the potential to enhance the value of the equity investment with respect to such Private Equity Fund, but that would potentially also increase the risk of a Junior Capital Fund's debt investment in such company. Further, because of the different legal rights associated with debt and equity investments of the same portfolio company, Sentinel expects to face a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, such Junior Capital Fund versus such Private Equity Fund. Questions may arise as to whether payment obligations and covenants should be enforced, modified, or waived, or whether debt investments should be refinanced or restructured. In addition, the interests of a Junior Capital Fund and a Private Equity Fund are likely to diverge significantly in the case of financial distress of the company. Moreover, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of a Fund to provide such additional financing. On the other hand, if additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, a Fund may or may not provide such additional capital, and if provided, a Fund generally would supply such additional capital in such amounts, if any, as determined by Sentinel in its sole discretion. If a Private Equity Fund had the potential to incur a loss on its investment as a result of such difficulties, Sentinel's ability to recommend actions in the best interests of a Junior Capital Fund might be impaired. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring, are expected to raise conflicts of interest with respect to a Junior

Capital Fund and a Private Equity Fund, whose interests are likely to diverge in such situations. For example, a Junior Capital Fund could be more senior or more junior to a Private Equity Fund in the capital structure of the portfolio company, which could mean that in a workout or other distressed scenario such Junior Capital Fund would be adverse to such Private Equity Fund, and might recover all, part or none of its investment while such Private Equity Fund recovers more or less. Sentinel intends to manage such conflicts of interest to the extent possible, by typically holding a minority of the junior capital debt issued by a portfolio company in which a Private Equity Fund holds outstanding equity interests and allowing the lead Independent Investor(s) in the debt to negotiate pricing and terms and possess the right to exercise veto power with respect to amendments or modifications to certain material terms and conditions of the investment. In addition, Sentinel intends to manage the conflicts of interest in connection with a payment default by a portfolio company in which a Junior Capital Fund and a Private Equity Fund hold interests, following the payment default (and following the expiration of any applicable cure periods), by generally not having voting rights on behalf of such Junior Capital Fund or voting with the Independent Investor and/or the majority of the unaffiliated debtholders holding the same tranche, class, or other category of such defaulting debt investment in connection with any determination by such debtholders. This means a Junior Capital Fund would not be expected to vote or the portfolio company would not be expected to take the action that Sentinel believes to be optimal for such Junior Capital Fund. The Private Equity Funds generally will not be subject to the preferences of any other holder of the securities that such Private Equity Fund holds, and therefore a Private Equity Fund can be expected to act exclusively in its own interests.

Further, conflicts of interest can arise if a Fund makes an investment in a portfolio company in conjunction with an investment made by one or more Funds, in the same part of the portfolio company's capital structure. For instance, it is possible that a Fund does not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This has the potential to result in differences in price, investment terms, leverage, taxation and associated costs between such Funds. Where multiple Funds invest in the same company at different times, the first Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Funds; similarly, to the extent a transaction does not proceed, the first Fund to invest typically will bear the full amount of Broken Deal Expenses relating to the transaction, regardless of whether other Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that a Fund and the other investing Fund(s) will exit an investment at the same time or on the same terms, and there can be no assurance that such Fund's return on such an investment will be the same as the returns achieved by any other Funds participating in the relevant transaction. Sentinel and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. Given the nature of these conflicts, there can be no assurance that the resolution of any such conflict will be beneficial to any Fund. Additionally, once such a co-investment is made, if the relevant portfolio company encounters financial difficulties, other creditors of such portfolio company may, under certain circumstances, assert an equitable subordination claim or initiate an action for other legal and equitable remedies as a result of the participation by one or more Funds in the financing of the portfolio company or the participation by Sentinel officers on the board of directors or in the management of such portfolio company. These and other situations will involve potential conflicts of interest. Although Sentinel will establish procedures to address such conflicts, and the Limited Partnership Agreements of certain Funds prescribe actions to be taken under such circumstances, there can be no assurance that such conflicts will be resolved in a manner that is most favorable to any Fund or its Limited Partners.

The Private Equity Funds intend to make controlling investments in portfolio companies. As a result of these controlling interests, Sentinel typically will have the right to appoint portfolio company board members, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and other amounts payable to Sentinel in connection with services provided by Sentinel.

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

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

Additionally, a portfolio company typically will reimburse Sentinel or service providers retained at Sentinel's discretion for expenses (including, without limitation, travel expenses) incurred by Sentinel or such service providers in connection with the performance of services for such portfolio company. This subjects Sentinel to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Subject to the applicable Limited Partnership Agreement and Sentinel's internal reimbursement policies and practices, Sentinel determines the amount of these reimbursements for such services in its own discretion. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Sentinel 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. Sentinel believes that these factors help to mitigate related conflicts of interest.

Because certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by such Fund's General Partner, are reimbursed by such Fund and/or its portfolio companies, such General Partner will not necessarily seek out the lowest cost options when incurring (or causing such Fund or its portfolio companies to incur) such expenses. In addition, in circumstances where other investors, including other Funds or third-party co-investors, are involved or contemplated to be involved in a transaction, it's possible that a Fund will bear costs and expenses in excess of its share, or even the entirety of such amounts. In some cases, these costs and expenses could be substantial, including Broken Deal Expenses that other contemplated investors do not bear.



In connection with its services to the Funds and their investments, Sentinel, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Sentinel's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Sentinel and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "**Sentinel Information**"). In many cases, Sentinel Information will include tools, procedures and resources developed by Sentinel to organize or systematize Sentinel Information for ongoing or future use. Although Sentinel expects its Funds and their portfolio companies generally to benefit from Sentinel's possession of Sentinel Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by Sentinel and its personnel) and not by the Fund or portfolio company from which Sentinel Information was originally received. Sentinel Information will be the sole intellectual property of Sentinel and solely for the use of Sentinel. Sentinel reserves the right to use, share, license, sell or monetize Sentinel Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

Over the life of a Fund, Sentinel generally expects to exercise its discretion to recommend to such Fund or to a portfolio company thereof that it contract for services with various service providers, potentially including, among others (i) such Fund's General Partner (or an affiliate, which may include other portfolio companies of such Fund or other Funds) or (ii) an entity with which Sentinel or current or former members of its personnel has a relationship or from which such person derives a financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Sentinel personnel are seconded, or from which Sentinel receives secondees or (iii) a Limited Partner of such Fund (or a Limited Partner of another Fund) or its affiliates. For example, Sentinel expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's investments from certain Limited Partners or their affiliates that are engaged in lending or related business. This subjects Sentinel to potential conflicts of interest, because although Sentinel intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance and, relatedly, returns of a Fund, Sentinel has a potential incentive to recommend the related or other person because of its financial or other business interest. There is a possibility that Sentinel, 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 Sentinel or a Fund), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Although Sentinel generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, from time to time, Sentinel expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships these persons have the potential to have information advantages relative to other investors or co-

investors. In certain circumstances where Sentinel commits or has committed to seek “market” or “arms-length” rates or terms, Sentinel will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. Sentinel reserves the right to deem third-party investment in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, Sentinel undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking relates ultimately will be accurate, comparable or relate specifically to the assets, services, geographies or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, Sentinel reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflict of interest. Whether or not Sentinel has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Although uncommon, Sentinel reserves the right from time to time to cause a Fund to enter into a transaction whereby such Fund purchases securities from, or sells securities to, other Funds managed by Sentinel, or co-investors or co-investment vehicles. Such transactions raise potential conflicts of interest, including where the investment of one Fund supports the value of portfolio companies owned by another Fund. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represents what would ultimately be the underlying investment’s fair value. To the extent required by the relevant Funds’ Limited Partnership agreements or otherwise in the sole discretion of Sentinel, Sentinel reserves the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness or “arm’s-length” nature of a purchase or sale price, whether or not part of a formal fairness opinion, “request for proposal” process, or proposal or quotation provided exclusively for the benefit of Sentinel) or by obtaining the consent of the relevant Fund(s) (including, where authorized, the consent of each Fund’s advisory committee) to such transactions. In certain circumstances, Sentinel reserves the right to determine that the willingness of a third party to make an investment on the same terms demonstrates the fairness of the relevant transaction (including its value) to a Fund under then-current market conditions. Sentinel intends that any such transactions be conducted in a manner that it believes to be fair and equitable to each Fund under the circumstances, including a consideration of the potential present and future benefits with respect to each Fund.

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

Sentinel reserves the right to employ personnel with pre-existing ownership interests in or who were employed by portfolio companies owned by the Funds; conversely, current or former personnel or executives of Sentinel have in the past and may from time to time in the future serve in significant management roles at portfolio companies or service providers recommended by Sentinel. Similarly, Sentinel and/or its personnel maintain relationships with (and from time to time invest in) financial institutions, service providers and other market participants, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, Sentinel and/or the Funds. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Sentinel entities, whether or not relating to financing Sentinel personnel obligations to fund General Partner commitment obligations) to Sentinel personnel and their estate planning vehicles. Sentinel expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company owned by such Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide Sentinel information about markets and industries in which Sentinel operates (or is contemplating operations) or will provide other services that are beneficial to Sentinel or one or more other Funds. Sentinel would have a conflict of interest in making such recommendations, in that Sentinel has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies of the Funds, while the products or services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

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

Sentinel has entered into a strategic relationship with two strategic investors (the "**Strategic Investors**") through which such Strategic Investors have acquired a small, minority interest in Sentinel and/or one or more of its affiliates. The Strategic Investors are passive and have no approval, veto, or similar governance rights with respect to the investment decisions by Sentinel or any portfolio company operations. Although Sentinel intends to maintain operations, strategy and investment decisions separate from the Strategic Investors, Sentinel generally will have incentives to conduct operations in a manner that benefits the Strategic Investors.

Certain Outside Operating Partners have in the past and may in the future buy or sell securities or other instruments that Sentinel has recommended to a Fund. In addition, officers, principals, employees and Outside Operating Partners reserve the right to buy securities in transactions offered to but rejected by a Fund. Such transactions are subject to any restrictions in the relevant Fund's Limited Partnership Agreement and any policies and procedures set forth

in Sentinel's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund.

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

Sentinel and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of Sentinel's compensation), none of which generally will be subject to the "most-favored nation" provisions of a Fund's Limited Partnership Agreement, information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on a Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic procedural and other terms.

Sentinel is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, e.g., based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to Sentinel, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Sentinel, its affiliates and personnel, or the 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 the relevant Limited Partnership Agreements, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, Sentinel, 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 Sentinel 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.

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

Sentinel has instituted a program under which portfolio companies of the Funds are given the option to participate in purchasing, vendor or similar arrangements with Sentinel and other portfolio companies. Program participants expect to receive discounts negotiated with various vendors and service providers on a group-wide basis. In certain cases, such arrangements will involve the sharing of risk, such as under group insurance arrangements where deductibles are shared or calculated with regard to the group rather than individual insured parties. Sentinel allocates fees and third-party administration costs for the program among the Funds and/or such portfolio companies. Additionally, Sentinel participates in the program in exchange for an allocable portion of such fees and costs, and receives similar benefits and discounts as the portfolio companies participating therein. Such amounts do not offset or reduce Management Fees. Sentinel believes the potential for conflicts relating to such arrangements is mitigated by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the Funds) that will result if the negotiated rates for goods and services are discounted due to scale or relative to those widely available in the market.

Sentinel has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as Sentinel has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option. In most cases, the relevant Fund(s) will not consent, participate in the negotiations or be directly involved in such arrangements. Sentinel and its personnel from time to time receive the benefit of "friends and family" and similar discounts from portfolio companies of the Funds under which such portfolio companies make their goods and/or services available at reduced rates. Because its portfolio companies offer such discounts to customers other than Sentinel and such persons as part of their standard commercial practices in an effort to expand their respective customer bases, Sentinel believes that the potential for conflicts of interest relating to such discounts is mitigated. Sentinel and its personnel generally refrain from requesting or negotiating for such discounts in the ordinary course. Discounted prices or better terms offered

to Sentinel, any other portfolio company or third parties have the potential to affect the returns of a portfolio company.

Sentinel reserves the right from time to time to incur fees, costs, and expenses, including in connection with transactions not consummated, on behalf of a Junior Capital Fund and a Private Equity Fund. To the extent practicable, any fees, costs, and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. Although Sentinel will endeavor to allocate such fees, costs, and expenses on a fair and equitable basis, there can be no assurance that such fees, costs, and expenses will in all cases be allocated appropriately. Any such determinations will likely involve inherent matters of discretion and conflicts of interest. Notwithstanding the foregoing, Sentinel reserves the right to in the future develop policies and procedures to address the allocation of expenses that differ from its current practice.

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

In addition, as described above, portfolio companies typically pay certain fees to, and reimburse expenses of, Outside Operating Partners, other Non-Sentinel Service Providers and other third-party consultants (including consultants introduced or arranged by Sentinel and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset the Management Fees as described herein. Outside Operating Partners and other Non-Sentinel Service Providers are expected from time to time to include former employees of Sentinel or certain portfolio companies, and in some circumstances former Outside Operating Partners or Non-Sentinel Service Providers are expected to become Sentinel employees or employees of portfolio companies. Consequently, the determination of whether individuals are Outside Operating Partners or Non-Sentinel Service Providers is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that Sentinel otherwise would be required to bear. The use of Outside Operating Partners or Non-Sentinel Service Providers is expected to fluctuate and/or expand over time. To the extent that Outside Operating Partners or Non-Sentinel Service Providers are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Funds will bear a greater share of such compensation due to the utilization of the Outside Operating Partner's or Non-Sentinel Service Provider's services at a time when fewer portfolio companies or Funds make use of such service providers. In certain cases, including where a Fund does not own a controlling interest in a portfolio company, the portfolio company, its management and/or equity holders potentially will not agree to engage and/or bear the costs of Outside Operating Partners or Non-Sentinel Service Providers. In such cases, where the relevant General Partner believes the services of the Outside Operating Partners or Non-Sentinel Service Providers will benefit a portfolio company, it is authorized to cause the Fund to bear such costs directly, resulting in the Fund bearing a disproportionate share of those costs vis-à-vis other equity holders of a portfolio company, notwithstanding that other equity holders in that portfolio company will receive the benefit of any returns that result from Outside Operating Partners or Non-Sentinel Service Providers services. Under many of these arrangements, there can be no assurance that the amount of compensation

paid in a particular year will be proportional to the amount of hours worked or the amount or tangible work product generated by Outside Operating Partners or Non-Sentinel Service Providers. Such Outside Operating Partners, other Non-Sentinel Service Providers and other third-party consultants generally provide services in relation to the identification, assessment, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies. In certain circumstances, these services also include serving in management or policy-making positions for portfolio companies. Outside Operating Partners are not employees of Sentinel but they generally make use of Sentinel resources or otherwise are associated with Sentinel. Sentinel has in the past and will in the future compensate certain of such persons directly in addition to the compensation being received by portfolio companies, in some circumstances because portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis or because Sentinel is deriving a benefit from a portion of such person's services. Outside Operating Partner compensation, as well as certain Non-Sentinel Service Provider compensation, is expected to include cash fees, retainers, securities of a portfolio company and/or a share of proceeds upon sale of a portfolio company. Additionally, portfolio companies have in the past and will in the future provide opportunities for Outside Operating Partners to invest in such portfolio company and reimburse costs and expenses (including, but not limited to, travel expenses) incurred by Outside Operating Partners. Outside Operating Partners also have in the past and will in the future have a limited partner interest in the General Partners and/or one or more Funds. Outside Operating Partners may from time to time receive remuneration from Sentinel and/or its Funds or affiliates (other than portfolio companies) and/or be entitled to other forms of compensation. Such investment opportunities, reimbursements and other compensation paid to an Operating Partner will not offset the Management Fee of any Fund, as described herein. In addition, Sentinel has in the past, and will in the future, directly employ one or more Employee Operating Partners, in which case Sentinel expects to bear any remuneration paid to such person while employed by Sentinel (which has in the past and may in the future include an allocation of Carried Interest). Although the use of Outside Operating Partners and the allocation of compensation paid to them by Sentinel and/or the portfolio companies subjects Sentinel to potential conflicts of interest, Sentinel believes that such potential conflicts have the potential to be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the Outside Operating Partner is lower than market rates for the services provided and/or if the services of the Outside Operating Partner align with Sentinel's model for the portfolio company and improve portfolio company performance. Although Sentinel seeks to retain Outside Operating Partners with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings and value-added services from such retention. Sentinel also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that Sentinel believes will align such persons' interests with those of the Funds' Limited Partners, and seeks to retain only Outside Operating Partners and Non-Sentinel Service Providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

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

whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors.

In seeking to invest in portfolio companies that are to be divested from other Funds, Sentinel and its affiliates will be subject to potential conflicts of interest in determining the terms of (i) the acquisition of such investments, and (ii) any other agreements between a Continuation Fund and such portfolio company. Any (i) sale of securities of a portfolio company or other assets from a Fund to a Continuation Fund, and (ii) contract or agreement between a Continuation Fund and another Fund portfolio company, could be viewed, especially in hindsight, to have been made based on a non-arm's length basis. Further, certain of the above-described transactions may not be the subject of any third-party valuation, and the purchase price may not otherwise be approved or recommended by any independent third-party appraisal firm or other valuation expert. If a third-party valuation were sought, it is possible that such third party would determine that the valuation assigned to the relevant portfolio company being divested by another Fund was lower than the valuation used by Sentinel. It is also possible that other parties exist that would be willing to offer better and more attractive pricing and terms for the sale of the interest in the relevant portfolio company. There can be no assurance that the price at which such transaction(s) are entered into represents what would ultimately be the relevant portfolio company's fair value.

A Fund's portfolio companies can be counterparties to or participants in agreements, transactions or other arrangements with portfolio companies of such Fund or other Funds or its affiliates, subject to any requirements of the relevant governing agreements, including arrangements that might not have otherwise been entered into but for the relationship with the Advisers or an affiliate. It is anticipated that the applicable portfolio companies will negotiate these arrangements. However, in the unexpected event that a Fund participates in negotiating such arrangements, such arrangements are expected to be made on an arms'-length basis and the Advisers will make determinations of competitive market rates based on its consideration of a number of factors, which could include, for example, benchmarking data and other methodologies determined by the Advisers to be appropriate under the circumstances. While the Advisers generally intend in such situations to obtain benchmarking data regarding the rates charged or quoted by third parties for similar services, relevant comparisons may not be available for a number of reasons, including, without limitation, as a result of a lack of a substantial market of providers or users of such services or the confidential and/or bespoke nature of such services. Therefore, such market comparisons may not result in precise market terms for comparable services.

Certain affiliates of the General Partners have a financial interest in a Fund's purchase of securities from one or more other Funds, including as a result of its indirect investment in any such securities through one or more other Funds and because the General Partners may generate carried interest as a result of selling the applicable Fund's portion of the applicable securities to another Fund. This carried interest will often be in a greater amount and will crystallize at an earlier time than if no such transaction occurred and such Fund had continued to hold such securities.

Sentinel is the investment manager of the Funds (including the Continuation Funds), all of which are intended to be, and any of which are permitted to be, the sellers of the securities that are expected to comprise some or all of the portfolio investments of the Continuation Funds. The contemplated transactions between other Funds and a Continuation Fund present the potential for conflicts of interest, among other things because the affiliates of Sentinel will have capital investments, rights to receive fees, and be entitled to carried interest and other benefits in connection with the activities of the other Funds and in that capacity generally will seek to obtain



the best possible transaction terms in favor of such other Funds. In addition, Sentinel will benefit, both directly and indirectly, from the consummation of the sale of securities between other Funds and a Continuation Fund, and will also make certain decisions on behalf of both such other Funds and the Continuation Fund with respect to the Continuation Fund's investment strategy, and Sentinel, including, but not limited to (i) the determination to consummate the transaction at the valuation agreed with any co-investors, (ii) allocating expenses, if any, between other Funds, third-party lead buyers and the Continuation Fund with respect to the sale of securities and (iii) if there is any dispute arising between the Continuation Fund and any other Funds, deciding whether to pursue any remedies against such other Funds. There will also be situations in which the interests of a Continuation Fund with respect to a portfolio company or other matter conflict with the interests of one or more of the other Funds, and additional conflicts can arise where the Continuation Fund acquires interests in a portfolio company in which another Fund (and/or any alternative investment vehicle, co-investment vehicle or other person- or entity-owned or controlled by an affiliate of the General Partner) continues to own an interest alongside the Continuation Fund, any of which transactions, arrangements or co-investments shall be permitted, subject to the limitations set forth in the Limited Partnership Agreement. On any matter involving a conflict of interest, Sentinel will seek to resolve such conflict in good faith and in a manner consistent with the applicable Limited Partnership Agreements.

Inherent in the fact that a Fund (like Private Equity Funds generally) has a fixed investment period after which capital from investors in a Fund can only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of a Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when Sentinel might not otherwise have done so.

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

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

#### **DISCIPLINARY INFORMATION**

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

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

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

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

The Advisers have adopted the Sentinel Code of Ethics and Securities Trading Policy and Procedures (the "**Code**"), which sets forth standards of conduct that are expected of Sentinel principals and employees and addresses conflicts that arise from personal trading. The Code requires certain Sentinel personnel to report their personal securities transactions, and prohibits Sentinel personnel from, or requires Sentinel personnel to obtain pre-clearance for, directly or indirectly acquiring beneficial ownership or disposing of individual securities in an initial public offering or otherwise (subject to certain limited exceptions), without first obtaining approval from the Sentinel 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 Limited Partner or prospective limited partner upon request to Vincent Taurassi, the Sentinel Chief Compliance Officer, at (212) 688-3100. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that prioritizes the client's interests in client eligible investments.

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

Accordingly, should the Advisers or any of their affiliated persons come into possession of material, nonpublic or other confidential information with respect to any public and non-public company, the Advisers would be prohibited from communicating such information to clients, and the Advisers will have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of the Advisers' personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Principals and employees of the Advisers and their affiliates directly or indirectly own an interest in one or more Private Investment Funds, including the Funds and certain co-investment vehicles. Such co-investment vehicles invest in one or more of the same portfolio companies as the Funds. Co-invest opportunities generally are also expected to be presented to certain affiliates of the Advisers, as well as third-party investors and other persons, and such co-investments may be effected through co-investment vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Such co-investment opportunities generally will be allocated in the manner described under "Methods of Analysis, Investment Strategies and Risk of Loss".

The Advisers and their affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially for family members, friends or others who do not invest in the Funds, as well as give advice and recommend securities to vehicles which may differ from advice given to, or securities recommended or bought for the Funds even though their investment objectives may be the same or similar.

The operative documents and investment programs of certain Funds restrict, limit and/or prohibit, in whole or subject to certain procedural requirements, investments of certain other vehicles in issuers held by such Funds and in certain situations give priority with respect to investments to such Funds. Some of these restrictions could be waived by Limited Partners (or their representatives) in such Funds.

### **BROKERAGE PRACTICES**

The Advisers focus on securities transactions of private companies and generally purchase and sell such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, the Advisers reserve the right to distribute securities to investors in a Fund or sell such securities, including through using a broker-dealer, such as where a public trading market exists. Although the Advisers do not intend to regularly engage in public securities transactions, to the extent they do so, they intend to follow the brokerage practices described below.

If the Advisers sell publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the Advisers. In such event, the Advisers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Advisers reserve the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; and (iv) responsiveness to requests for trade data and other financial information.

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

Consistent with the Advisers seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to brokers in recognition of research furnished by them, although the Advisers generally do not make use of such services at the current time and have not made use of such services since its inception. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Advisers’ Private Investment Funds. However, each and every research service may not be used for the benefit of each and every Private Investment Fund managed by the Advisers, and brokerage commissions paid by one Private Investment Fund may apply towards

payment for research services that might not be used in the service of such Private Investment Fund. Research services may be shared among the Advisers and their affiliates.

The Advisers do not employ any agreement or formula for the allocation of brokerage business on the basis of research services; however, the Advisers, in their discretion, reserve the right to cause the Private Investment Funds to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This generally arises where the Advisers have determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the Advisers would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The Advisers will periodically determine which brokers have provided research that has been helpful in the management of Private Investment Funds. To the extent consistent with the Advisers' goal to obtain best execution for the Funds, the Advisers reserve the right to seek to place a portion of the trades that they direct with the brokers who are identified through this process.

To the extent that the Adviser allocates brokerage business on the basis of research services, it expects to have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Private Investment Funds' interest in receiving most favorable execution.

The Advisers do not anticipate engaging in significant public securities transactions; however, to the extent that the Advisers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Private Investment Funds are completed independently, the Advisers also reserves the right to purchase or sell the same securities or instruments for several Private Investment Funds simultaneously. From time to time, the Advisers expect, but are not obligated, to purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or "batched" to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Private Investment Fund of the Advisers is favored over any other Private Investment Fund. When an aggregated order is filled in its entirety, each participating Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage or other costs.

When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a *pro rata* basis to each Private Investment Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Private Investment Funds.

Each Private Investment Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to *pro rata* allocations are permissible provided Sentinel believes they are fair and equitable to Private Investment Funds under the circumstances over time.

In Sentinel's private company securities transactions on behalf of the Funds, Sentinel reserves the right to retain one or more broker-dealers or investment banks, the costs of which

will be borne by the relevant Fund and/or its portfolio companies. In determining to retain such parties, Sentinel reserves the right to 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 Sentinel generally will seek reasonable rates for such services, the market for such services involves more subjective evaluations than public securities brokerage transactions, and the Funds may not pay the lowest commission or fee for such services.

## **REVIEW OF ACCOUNTS**

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

Each Fund will provide to each of its Limited Partners (i) annual audited and quarterly unaudited financial statements prepared in accordance with generally accepted accounting principles as promulgated in the United States, (ii) annual tax information for each Limited Partner's tax return and (iii) reports providing a description of all investments held by the Funds and a narrative summary of the status of each such investment.

## **CLIENT REFERRALS AND OTHER COMPENSATION**

Sentinel has in the past and intends in the future, to provide certain business or consulting services to companies in each Fund's portfolio and intends to receive compensation from these companies in connection with such services. As described in the Funds' Limited Partnership Agreements, this compensation will, in many cases, offset a portion of the Management Fees paid by Funds. However, in other cases (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company or services by a Sentinel employee as a bona fide portfolio company employee), these fees are in addition to Management Fees. See "Fees and Compensation".

Sentinel reserves the right from time to time to enter into solicitation arrangements pursuant to which they compensate third parties for referrals that result in a potential Limited Partner becoming a Limited Partner in a Fund or other Private Investment Fund. These arrangements generally are disclosed in the relevant Fund's Form D. Any fees and expenses payable to any such placement agents generally will be borne by Sentinel LLC indirectly through an offset against the Management Fee. For Fund IV, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$5,890,000. For Fund V, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$2,500,000. For Fund VI, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$1,600,000. For Junior Capital Fund I, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$400,000. For Fund VII, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$2,805,000. For Junior Capital Fund II, Credit Suisse Securities (USA) LLC was retained as a placement agent in connection with the formation of the Fund in exchange for \$495,000.

## CUSTODY

Sentinel LLC generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “**Custody Rule**”)) of the Funds’ funds or securities held in each Fund’s name, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodians: Citibank, N.A.

Sentinel LLC is deemed to have custody of the Funds’ assets based on entities affiliated with Sentinel LLC serving as general partners to the Funds. As such, Limited Partners do not receive statements from Sentinel LLC’s qualified custodian, but instead receive audited financial statements prepared in accordance with GAAP within 120 days of each Fund’s fiscal year end, as is more fully set forth in the Limited Partnership Agreements for the Funds.

## INVESTMENT DISCRETION

Sentinel LLC has discretionary authority to manage the investments on behalf of each Fund pursuant to the respective Limited Partnership Agreements described under “Advisory Business”. As a general policy, the Advisers do not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, the Advisers and/or their affiliates have in the past and expect to in the future enter into Side Letters with certain Limited Partners whereby the terms applicable to such Limited Partners’ investment in the Funds are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory or other similar reasons. While the Advisers have not in the past executed any investments for which the aforementioned Side Letter provisions would be taken into account, it is important to note these Side Letter provisions should not impact the Advisers’ ability to exercise their discretionary authority.

## VOTING CLIENT SECURITIES

The Advisers have adopted Proxy Voting Policies and Procedures (the “**Proxy Policy**”) to address how they will vote proxies, as applicable, for each Fund’s (and any Private Investment Fund’s) portfolio investments. The Proxy Policy seeks to ensure that the Advisers vote proxies (or similar instruments) in the best interest of the Funds, including where there may be material conflicts of interest in voting proxies. Each of the Advisers generally believes its interests are aligned with those of Funds’ Limited Partners through the principals’ beneficial ownership interests in the Funds and therefore will not seek Limited Partner approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Policy provides that the Advisers may address the conflict using several alternatives, including by seeking the approval or concurrence of the Funds’ advisory committees on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. Additionally, the Funds’ advisory committees is authorized to approve an Adviser’s vote in a particular solicitation. The Advisers do not consider service on portfolio company boards by Sentinel personnel or their receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Proxy Policy sets forth certain specific proxy voting guidelines followed by the Advisers when voting proxies on behalf of the Funds. If you would like a copy of the Advisers’ complete Proxy Policy or information regarding how the Advisers voted proxies for particular portfolio companies, please contact Vincent Taurassi, the Sentinel Chief Compliance Officer, at (212) 688-3100 and it will be provided to you at no charge.

## **FINANCIAL INFORMATION**

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