

SPECTRUM EQUITY

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Form ADV Part 2A

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This brochure (this "**Brochure**") provides information about the qualifications and business practices of Spectrum Equity Management, Inc. (formerly Applegate & Collatos, Inc. and, together with its affiliates, referred to herein as "**SEM**"). If you have any questions about the contents of this Brochure, please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission ("**SEC**") or by any state securities authority.

Additional information about SEM is also available on the SEC's website at www.adviserinfo.sec.gov.

REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT SEM OR ANY OF THE PRINCIPALS OR EMPLOYEES OF SEM POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY BUSINESS OR ANY OTHER BUSINESS.

Item 2 - Material Changes

This Brochure, dated as of March 30, 2023, has been prepared in connection with SEM's annual update with the SEC as an investment adviser. This Item 2 sets forth a brief summary of any material changes to our disclosure since our last annual updating amendment in 2022. Relevant changes since our last annual updating amendment are:

- Certain updates and clarifying amendments to the section entitled "Fees and Compensation";
- Certain updates and clarifying amendments to the section entitled "Performance-Based Fees and Side-by-Side Management"; and
- Certain updates and clarifying amendments to the section entitled "Methods of Analysis, Investment Strategies and Risk of Loss".

In addition, this Brochure contains other routine annual updates.

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Item 4 - Advisory Business

Spectrum Equity Management, Inc., together with certain affiliates (collectively, "SEM"), provides investment advisory services to a series of private equity funds (the "Spectrum Funds") that specialize in growth stage investments in private companies. SEM was founded in 1993 and the first Spectrum Fund was established approximately one year later in 1994. To date, SEM has provided management services to all Spectrum Funds. Spectrum Equity Management, Inc. is wholly-owned by Spectrum Equity Management, L.P. The principal owners of Spectrum Equity Management, L.P. are Christopher T. Mitchell, Victor E. Parker, Benjamin C. Spero and Stephen M. LeSieur.

The Spectrum Funds' investment activity, and consequently SEM's advisory business, is principally focused on growth stage investments in Internet-enabled software and information services businesses. The Spectrum Funds primarily seek investment opportunities in private companies with established business models that are run by experienced management teams and that present opportunities for future growth, either organically, through acquisition, or both.

The Spectrum Funds' investment portfolios include private companies and public companies. As either a minority or majority investor, the Spectrum Funds provide equity capital in a wide variety of transactions including:

- Primary capital for growth;
- Recapitalizations and dividends;
- Acquisition financings; and
- Secondary share purchases.

SEM provides the services described above pursuant to a series of contracts with the Spectrum Funds. Generally, an entity affiliated with SEM acts as the general partner of each Spectrum Fund, and SEM serves as investment adviser to each Spectrum Fund. References to SEM in this Brochure include, as the context requires, affiliates through which SEM provides investment advisory services or that act in any capacity referenced in the previous sentence.

SEM tailors its advisory services to the specific investment objectives and restrictions of each Spectrum Fund as set forth in such Spectrum Fund's confidential offering memorandum (or similar offering documents), limited partnership agreement, subscription agreement and investment management agreement. Investors and prospective investors of each Spectrum Fund should refer to the confidential offering memorandum (or similar offering documents), limited partnership agreement, subscription agreement, investment management agreement and/or other governing documents (collectively, the "Governing Documents") of the applicable Spectrum Fund for complete information on the investment objectives and investment restrictions with respect to such Spectrum Fund. SEM and its affiliates make no assurance that any of the Spectrum Funds' investment objectives will be achieved.

In accordance with common industry practice, one or more of the Spectrum Funds and/or their general partners have entered into “side letters” or similar agreements with certain investors pursuant to which the general partner of the applicable Spectrum Fund grants such investors specific rights, benefits, or privileges that are not made available to investors generally.

Certain current and/or former employees, consultants, advisors of SEM and other persons with a strategic relationship with SEM are typically given the opportunity to invest on a side-by-side basis with the Spectrum Funds through one or more co-investment vehicles that are structured to facilitate those investments (each, an “Employee Investment Fund”). SEM generally forms separate Employee Investment Funds to co-invest alongside most Spectrum Funds.

SEM does not participate in any wrap fee programs.

SEM manages all assets on a discretionary basis in accordance with the terms and conditions of each Spectrum Fund’s Governing Documents. As of December 31, 2022, the amount of assets SEM manages on a discretionary basis is \$8,020,456,183.

Item 5 - Fees and Compensation

Compensation and Fee Schedules

All investors and prospective investors should review the Governing Documents of each Spectrum Fund in conjunction with this Brochure for complete information on the fees and other compensation payable in connection with an investment in a particular Spectrum Fund. Different Spectrum Funds will be subject to different management fees and performance-based compensation arrangements. In limited circumstances, the advisory fees payable to SEM by certain investors in the Spectrum Funds may be negotiable and/or waived. Investors and prospective investors in each Spectrum Fund should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees. Except for Spectrum VI Co-Investment Fund, L.P., Spectrum VII Co-Investment Fund, L.P., Spectrum VIII Co-Investment Fund, L.P., Spectrum IX Co-Investment Fund, L.P., Spectrum X Co-Investment Fund, L.P., Spectrum VIII Investment Managers’ Fund, L.P. (“IMF VIII”), Spectrum IX Investment Managers’ Fund, L.P. (“IMF IX”) and Spectrum X Investment Managers’ Fund, L.P. (“IMF X”), all SEM clients are “qualified purchasers” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended (the “Company Act”), and therefore SEM has not included specific fee information in this Brochure. With respect to IMF VIII, IMF IX and IMF X, each of which is an Employee Investment Fund, SEM, in certain circumstances, is entitled to receive a management fee from certain limited partners of IMF VIII, IMF IX and IMF X equal to 1.65% of their respective capital commitments to such fund. Except as set forth above with respect to IMF VIII, IMF IX and IMF X, SEM does not receive management fees or other compensation from the Employee Investment Funds.

Deduction of Fees; Timing of Payments; Termination

As a general matter, SEM will charge and deduct advisory fees directly from the Spectrum Funds pursuant to the terms of the Governing Documents.

The payments of advisory fees are generally made quarterly in advance and in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of each Spectrum Fund for complete information on the timing of advisory fee payments by such Spectrum Fund.

Upon termination of any investment management agreement, any prepaid, unearned fees will be promptly refunded (determined on a pro rata basis based on the number of days elapsed in the applicable payment period), and any earned, unpaid fees will be due and payable.

The payments and/or reimbursements relating to Other Fees and Expenses are made on a monthly basis.

Other Fees and Expenses

In addition to the fees payable to SEM and its affiliated entities, the Spectrum Funds (and therefore, indirectly, the limited partners of such Spectrum Funds) will incur certain charges imposed by third parties and other expenses as set forth in the Governing Documents attributable to each Spectrum Fund. Such expenses will include (but are not limited to) any taxes, fees or other governmental charges which may be assessed against the Spectrum Funds and all expenses incurred in connection with any tax audit, investigation, settlement or review of the Spectrum Funds; organizational expenses of the Spectrum Funds; premiums for director and officer liability (including coverage for directors appointed by the Spectrum Funds that are not employees of SEM), general partner liability, cybersecurity or other insurance to protect the Spectrum Funds, the Spectrum Funds' general partners, the employees of SEM and its affiliated entities and the members of the Spectrum Funds' advisory committee; the costs of preparing, printing and distributing communications, financial statements, tax returns, Schedules K-1 and other reports to one or more investors in the Spectrum Funds, governmental authorities or self-regulatory organizations, as applicable, and other third party expenses incurred in connection with secure communications, accounting and similar administrative functions; software related to portfolio data collection, monitoring, analysis, valuation, accounting, reporting and financial management; expenses incurred with respect to third parties which are not affiliates of SEM and its affiliated entities, including, but not limited to, consultants engaged by SEM or an affiliate who have industry, transactional, investment operating or other experience, in investigating investment opportunities for, and monitoring investments by, the Spectrum Funds; commissions, brokerage, finder's fees, placement and underwriting fees, registration expenses and other charges incurred in connection with the purchase, holding, restructuring and/or sale of securities (including any merger fees payable to third parties other than

affiliates of SEM); all expenses incurred in connection with the securing of financing, including but not limited to expenses related to the arranging, negotiating, structuring, entering into and amending any credit facility or agreement with one or more lenders; principal and interest on, and fees and expenses arising out of, all permitted borrowings made and credit facilities entered into by the Spectrum Funds; costs and expenses of commercial transportation (including business-class and/or first-class travel), accommodations and meals incurred in respect of any consummated investments of the Spectrum Funds (but excluding the costs and expenses of any "closing" or similar celebratory dinners); all fees and expenses (other than travel expenses) incurred in connection with transactions not ultimately consummated by the Spectrum Funds (i.e., "broken-deal" fees and expenses); consulting fees and expenses (other than with respect to affiliates of SEM); fees and expenses of third-party services provided to portfolio companies to the extent not borne by such portfolio companies, including, without limitation, research (including expert networks), procurement, consulting, administrative, tax, regulatory, legal and other portfolio company-related services; any expenses of the members of the Spectrum Funds' advisory committees (including travel, lodging and meals); costs and expenses relating to meetings with investors in the Spectrum Funds (including the Spectrum Funds' annual meetings and any special meetings) or any meetings of the Spectrum Funds' advisory committees, in each case whether individually or as a group (including travel, lodging and meals); all costs and expenses incurred in connection with the Spectrum Funds' legal and regulatory compliance with U.S. federal, state, local and non-U.S. or other law or regulation (including, for example, FATCA and Common Reporting Standard ("CRS") compliance (including the fees and expenses of third-party service providers related to such compliance), compliance with anti-money laundering or "know your customer" laws (including the fees and expenses of third-party service providers related to such compliance), cross border activity tracking (e.g., TIC and BEA forms), the European Union Alternative Investment Fund Managers Directive, as amended from time to time, or from marketing the Spectrum Funds in other non-U.S. jurisdictions, costs associated with any representative, distribution agent, paying agent or other third-party service providers required in connection with or arising from the marketing or sale of interests in the Spectrum Funds in non-U.S. jurisdictions, the preparation and administration of any reports, disclosures, filings or notifications prepared in accordance with any of the foregoing, filings under Section 13 or Section 16 of the U.S. Securities Exchange Act of 1934, as amended, and filings with the Committee on Foreign Investment in the United States ("CFIUS") (or other matters related to the Defense Production Act or CFIUS in connection with the Spectrum Funds' investments or proposed investments, regardless of the reason that any such filing is made) or related to compliance with the provisions in the Governing Documents or any side letter or similar agreements, whether borne by the Spectrum Funds, the Spectrum Funds' general partners, SEM, SEM's managing directors (the "Managing Directors") or direct or indirect employees or beneficial owners of the foregoing; all costs and expenses related to the presence of the Spectrum Funds' general partners or their affiliates (including vehicles formed to facilitate the purchase or sale of any securities) in jurisdictions in which the Spectrum Funds or an alternative investment vehicle maintain subsidiary or related acquisition vehicles, including rent,

domiciliation fees, directors fees and other similar costs; normal and extraordinary fees and expenses associated with actual or threatened litigation, regulatory, administrative or other proceedings, settlement or review involving the business or activities of the Spectrum Funds, including any indemnification or extraordinary expense or liability relating to the affairs of the Spectrum Funds; all expenses of dissolving and liquidating the Spectrum Funds and their assets; all expenses incurred in connection with any restructuring or amendments to the constituent documents of the Spectrum Funds and related entities; all expenses incurred in connection with the formation, maintenance and dissolution of special purpose investment vehicles, including any alternative investment vehicles and subsidiary holding vehicles (including any direct or indirect general partner (or equivalent) thereof); fees and expenses for outside tax advisors, accountants, administrators, custodians, attorneys, auditors, consultants, independent appraisers, valuation firms, research-related data providers (including expert networks and third-party data sources), agents and other professionals; all expenses and fees relating to investment banking, commercial banking, legal, custodial, administrative, audit, accounting, tax, financial analysis, transfer, depository and registration services provided to the Spectrum Funds and its related entities (including any alternative investment vehicle and/or any subsidiary holdings vehicles), including in each case services provided with respect to the purchase or sale, or proposed purchase or sale, of securities by the Spectrum Funds, any alternative investment vehicles and/or any subsidiary holding vehicles, whether or not consummated (but excluding all expenses directly related to a U.S. Internal Revenue Service examination of the capital contributions deemed to have been made by the Spectrum Funds' general partners to the Spectrum Funds (or any corresponding allocations or distributions)); all costs and expenses incurred in connection with the managed distribution of portfolio investments; costs and expenses related to cybersecurity risk prevention, including related insurance, relating to the affairs of the Spectrum Funds; costs and expenses associated with environmental, social and corporate governance and similar matters with respect to the Spectrum Funds or any portfolio company or prospective portfolio company, including engaging any consultants or other third-party service providers with respect thereto (including their travel); any other expenses consented to by the Spectrum Funds' advisory committees; and other non-recurring or extraordinary expenses properly chargeable to the Spectrum Funds. The types of other fees and expenses incurred will vary among Spectrum Funds. All investors and prospective investors should review the Governing Documents of the applicable Spectrum Fund in conjunction with this Brochure for complete information on the charges and expenses payable with respect to a particular Spectrum Fund.

As indicated above, SEM and its affiliated entities generally expect to engage individual consultants and other persons (which may include "executives-in-residence", "advisers", "operating partners" and other similar individuals or entities that are "alter egos" for such persons) who may not be employees of SEM and who have industry, transactional, investment, operating or other experience ("Third-Party Consultants and Advisors") to provide due diligence and other consulting services to the Spectrum Funds, including in connection with investigating potential investment

opportunities and monitoring existing investments ("Consulting Services"). In addition to the Consulting Services provided to SEM and the Spectrum Funds, such Third-Party Consultants and Advisors often participate in a wide variety of financial and other professional services (including, without limitation, serving as board members, officers, consultants or in a similar capacity with respect to existing or potential Spectrum Fund portfolio companies). The Spectrum Funds will generally pay the expenses of Third-Party Consultants and Advisors related to services provided to the applicable Spectrum Fund, portfolio company or prospective portfolio company. If any Third-Party Consultants and Advisors are involved with a completed investment in a portfolio company, some or all of the expenses, as well as salary, performance-based compensation and/or remuneration, of such Third-Party Consultants and Advisors may be paid by such portfolio company, including by the issuance of stock, options, warrants or other securities in such portfolio company. The applicable Spectrum Funds may also cause such portfolio company to reimburse the Spectrum Funds, SEM and/or its affiliates for some or all of the expenses of Third-Party Consultants and Advisors previously paid by any such person. As discussed in Item 14, compensation paid to such consultants from Spectrum Fund portfolio companies generally does not reduce or otherwise offset the advisory fees paid to SEM and its affiliated entities by the applicable Spectrum Funds pursuant to the applicable Spectrum Fund's Governing Documents. From time to time, certain of such consultants will also provide administrative or other back-office services to SEM and its affiliated entities ("Administrative Services"). In situations where a consultant provides both Consulting Services and Administrative Services, SEM will allocate such consultant's costs and expenses among SEM and the relevant Spectrum Funds on a basis that is fair and equitable as determined by SEM taking into account all relevant facts and circumstances of the services provided.

The Spectrum Funds generally share common fees and expenses related to portfolio companies in which one or more Spectrum Funds co-invest, to the extent practicable (taking into account available liquid assets and/or available unfunded capital commitments), in proportion to the invested capital of each Spectrum Fund with respect to such portfolio company (unless SEM and its affiliates determine in good faith that another apportionment of a particular expense is equitable under the circumstances). Further, the Spectrum Funds generally share any other common expenses based on their respective committed capital, total invested capital, total net asset value, or on such other basis, in each case as determined by SEM in good faith to be equitable with respect to the particular common expenses. All investors should review the Governing Documents of the applicable Spectrum Fund for complete information on how expenses are shared with respect to such Spectrum Fund.

The section titled "*Brokerage Practices*" describes the factors SEM considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

Timing of Payments

Please refer to the subsection entitled "*Deduction of Fees; Timing of Payments; Termination*" described above.

Transaction-Based Compensation

SEM does not receive any compensation as broker or agent for the sale of securities or other investment products to any Spectrum Fund. Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" below for information on other types of compensation that SEM may receive with respect to investments by the Spectrum Funds.

Item 6 - Performance-Based Fees and Side-by-Side Management

Performance-Based Fees

A related entity of SEM, as general partner of a Spectrum Fund, will typically receive certain allocations calculated and charged based on a share of net profits on or capital appreciation of the assets of such Spectrum Fund. Such "carried interest" allocation arrangements comply with Rule 205-3 under the Investment Advisers Act of 1940 (together with all rules and regulations promulgated thereunder, the "Advisers Act") to the extent required thereunder. Any share of profits allocated or distributed to a general partner or affiliate of a Spectrum Fund is separate and distinct from the advisory fees charged by SEM to such Spectrum Fund for advisory services.

Arrangements regarding performance-based allocations received by related persons of SEM will create an incentive for SEM to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee arrangement.

Side-by-Side Management

Different Spectrum Funds will be subject to different performance-based compensation arrangements. If SEM or an affiliate is entitled to receive a higher percentage of the net profits of the account of one Spectrum Fund than the percentage that SEM or an affiliate receives from another Spectrum Fund, then SEM will have an incentive to favor, or to allocate certain riskier or more speculative investments to, the Spectrum Fund that is subject to the higher percentage.

To mitigate potential conflicts of interest, the allocation of commitments and investment decisions with respect to each Spectrum Fund are made by SEM with respect to all Spectrum Funds in accordance with SEM's investment allocation policy, which, subject to the Governing Documents of the applicable Spectrum Funds, takes into account multiple criteria, including those factors discussed in "*Allocation of New Investment Opportunities in New Portfolio Companies between Predecessor*

Spectrum Funds and Successor Spectrum Funds", "Allocation of Follow-on Investment Opportunities" and "Allocation of Investment Opportunities Between the Select Opportunities Funds, Overage Vehicles and Other Spectrum Funds" below.

After the applicable Spectrum Fund(s) have received their desired portion of a new investment or follow-on investment opportunity (in light of the applicable Spectrum Fund(s)' strategy, diversification objectives, concentration limits, portfolio allocation, available capital and future anticipated capital needs), SEM, in certain cases, may make additional amounts with respect to such investment opportunity (if any) available for co-investment to strategic investors, third party sponsors, consultants, advisors or lenders, one or more (but not necessarily any or all) investors in one or more Spectrum Funds and/or their affiliates, private investors, groups and/or individuals. Co-investment opportunities (if any) for investors in the Spectrum Funds (or persons or entities associated with such investors) or third parties will be made available on a case-by-case basis by SEM or its affiliates (taking into account, among other factors, such Spectrum Fund's desired portion (if any) of the relevant investment opportunity). If SEM expects to offer any such co-investment opportunity to one or more limited partners of a Spectrum Fund, SEM will offer such opportunity to participate in such co-investment in accordance with the applicable provisions of the Spectrum Funds' Governing Documents and SEM's co-investment allocation policies in effect from time to time. Co-investments by investors in the Spectrum Funds or third parties may be made directly in the applicable portfolio company or may be made through "special purpose vehicles" or other entities formed and managed by SEM or its affiliates ("Co-invest SPVs"). SEM or its affiliates may (but are not obligated to) receive management fees, carried interest or other compensation in connection with such co-investments (and the terms of any such management fees, carried interest or other compensation may differ from the terms applicable to an investment in the Spectrum Funds with regard to such matters). See "*Co-Investment Opportunities*" below for further discussion regarding co-investments.

The Spectrum Funds may, as permitted under their respective Governing Documents, cross-invest in portfolio companies in which other Spectrum Funds already hold an interest or engage in cross-sales of interests in portfolio companies between Spectrum Funds. See "*Principal and Cross Transactions*" below for further discussion regarding such transactions. To the extent that multiple Spectrum Funds hold an interest in the same portfolio company, it is SEM's policy that disposition opportunities with respect to that investment will be determined by SEM and its affiliates on a case-by-case basis and will not necessarily be made at the same time or in proportion to dollars invested in that company or relative ownership percentages in that company. In such cases, SEM and its affiliates will allocate disposition opportunities among the applicable Spectrum Funds in their discretion, taking into account the factors discussed in "*Other Matters Related to Overlapping Investments with Other Spectrum Funds*" below.

Certain Spectrum Funds (each, a "Select Opportunities Fund") have been, or are expected to be, formed with the primary purpose of providing a limited number of investors with the opportunity to participate in investments in portfolio companies of

other Spectrum Funds in connection with a full or partial sale of the interests in such portfolio companies held by the applicable other Spectrum Funds (including by purchasing such interests directly from the applicable other Spectrum Funds). Each Select Opportunities Fund is generally limited to investing in portfolio companies of other Spectrum Funds in circumstances where specific criteria have been satisfied, as further discussed in the Governing Documents of the Select Opportunities Funds. There are conflicts of interest inherent in any sale of securities to a Select Opportunities Fund by another Spectrum Fund, which SEM believes are mitigated (but not eliminated) by the satisfaction of the specific criteria provided for in the relevant Governing Documents. See *"Allocation of Investment Opportunities Between the Select Opportunities Funds, Overage Vehicles and Other Spectrum Funds"* below for further discussion regarding the Select Opportunities Funds.

Please refer to the Governing Documents of each Spectrum Fund for complete information on the specific "performance-based fee" arrangements of each Spectrum Fund.

Item 7 - Types of Clients

Types of Clients and Investment Vehicles

SEM provides advice to the Spectrum Funds and Employee Investment Funds, which are pooled investment vehicles. The limited partners of the Spectrum Funds may include high net worth individuals, corporations, funds of funds, financial institutions, endowments, foundations, trusts, estates, sovereign wealth funds, and public and private pension and profit sharing plans. SEM may also provide investment advice to Co-invest SPVs.

SEM and/or its affiliates may establish certain alternative investment vehicles, parallel funds and/or special purpose vehicles (collectively, "AIVs") for the purpose of addressing tax, regulatory and/or structural issues, and/or facilitating certain investments by one or more Spectrum Funds and/or investors. Prospective investors are requested to refer to the Governing Documents of the applicable Spectrum Fund for complete details on any AIV that may be established by such Spectrum Fund and such Spectrum Fund's ability to make investments through AIVs. Certain investors in Spectrum Funds may participate directly or indirectly through AIVs structured as "blocker corporations" (and bear the burden of taxes and certain other expenses and, to the extent feasible, reductions in proceeds incurred in connection with the formation and operation of such "blocker corporation") while other investors (including the general partner entities of such Spectrum Funds) participate through a tax transparent AIV without an intervening "blocker corporation". This will create conflicts for SEM and its affiliates, particularly in structuring an exit from such investments given the varying tax implications to SEM and its affiliates and the investors in the applicable Spectrum Funds resulting from different exit structures. Returns from such investments to SEM and its affiliates, including in respect of their carried interest, typically would not be reduced by any taxes, other expenses or

reductions in proceeds borne by any investor in a Spectrum Fund participating in such investments directly or indirectly through a “blocker corporation”. In addition, the tax consequences to the general partner entities of the Spectrum Funds, and their beneficial owners, with respect to tax items realized by the applicable Spectrum Funds (including the tax rates applicable to income and gains and the extent to which tax items are deductible or otherwise result in a tax benefit) will be different than the tax consequences to the investors in the such Spectrum Funds, and their beneficial owners, from such tax items. SEM may also consider the tax objectives of the general partner entities of the Spectrum Funds and their respective beneficial owners and may elect to utilize AIVs to achieve such tax objectives (including in connection with the structure of investments made by the Spectrum Funds, the manner (and timing) in which investments are disposed of, and the form, nature and timing of distributions made by the Spectrum Funds to their partners).

Minimum Investment Requirements

The Spectrum Funds are generally offered to “accredited investors” within the meaning of the Securities Act and/or “qualified purchasers” within the meaning of the Investment Company Act and are therefore not required to register as investment companies under the Investment Company Act in reliance upon the exemptions available under Sections 3(c)(1) and 3(c)(7) thereof.

In general, the minimum investment commitment required of a limited partner to participate in a Spectrum Fund is \$10,000,000; however, the general partner of each Spectrum Fund has discretion to increase or reduce the minimum investment commitment. Investors are requested to refer to the Governing Documents of each Spectrum Fund for complete information on minimum investment requirements for participation in a particular Spectrum Fund. The minimum commitment for an investor in an Employee Investment Fund is determined by the applicable managing fiduciary of such Employee Investment Fund in its sole discretion.

Item 8 - Methods of Analysis, Investment Strategies and Risk of Loss

Investment Strategies

As discussed in Item 4 above, SEM’s primary investment strategy is to make growth equity investments in private companies. SEM primarily seeks investment opportunities in companies with well-established business models that are run by experienced management teams and that present opportunities for future growth, either organically, through acquisition, or both. There can be no assurance that SEM will achieve the investment objectives of any Spectrum Fund and a loss of investment is possible.

Methods of Analysis

Investments, and potential investments, are analyzed by SEM based upon the business strategy and focus of the target portfolio company and the relevant experience of the target portfolio company's officers and directors. SEM also considers general economic characteristics of potential investments, including the potential for recurring revenue, strong cash flow margins, barriers to entry, high margins, significant operating leverage, long-term customer relationships, and opportunities for add-on acquisitions.

SEM's principal sources of information in identifying investments include internal cold calling efforts, its proprietary network of industry participants, bankers, consultants, executives and professional advisors (including attorneys, accountants and other industry advisors), private offering memoranda, quarterly and annual reports, personal interviews with directors and officers of such entities, visits to such entities, SEC filings (if available) and general industry knowledge.

Upon identifying a target portfolio company investment, SEM engages in a thorough due diligence process that includes a written presentation first within the industry group responsible for the segment in which the prospective portfolio company falls and then to the Managing Directors as part of their weekly meeting. Further diligence, if warranted, will serve to establish the original thesis of the investment and address the issues identified by the initial weekly discussion. As diligence progresses, SEM may seek to leverage the expertise of the firm's extensive network of relationships, often drawing on executives from existing or former portfolio companies. This second level of diligence and evaluation will lead to a refined financial model along with a more informed perspective as to valuation and opportunity for return. Customarily, a term sheet will result from this process, which will serve as the template for further negotiation and begin to define the parameters of a transaction. Once this second level of diligence has been completed and a deal structure and price outlined, a more comprehensive presentation will be made as part of the weekly meeting and will include all members of the deal team. This constitutes the "Investment Committee" meeting, which will be the formal approval forum for the transaction and will include refinements to the proposed structure and pricing. If approved, the transaction will move to the final step of the process, including any third party diligence work and legal documentation including a "bring down" diligence review.

Material Risks

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that SEM will be able to choose, and the Spectrum Funds will be able to make and/or realize, any particular investment or that the Spectrum Funds will be able to generate returns for their investors. In addition, there can be no assurance that any investor will receive any distribution from a Spectrum Fund. Investing in the Spectrum Funds involves a risk of loss that investors should be prepared to bear. Investors in the Spectrum Funds are requested to refer

to the Governing Documents of the applicable Spectrum Fund for complete information on investment strategies employed by such Spectrum Fund and the corresponding risks associated with such investment strategies and, in particular, should review the risk factors and conflicts of interest described in the confidential offering memorandum of the applicable Spectrum Fund. Investors in the Spectrum Funds should carefully consider, among other factors, the following material risks involved with SEM investment strategies.

Nature of Investments. A substantial portion of a Spectrum Fund's investments will be in equity or equity-related investments that by their nature involve business, financial, market and/or legal risks. A Spectrum Fund's investments will be highly illiquid, and there can be no assurance that a Spectrum Fund will be able to realize on such investments in a timely manner. There will generally be a significant period of time before a Spectrum Fund has completed its investment program. A Spectrum Fund may make investments that may not be advantageously disposed of prior to the date that such Spectrum Fund will be wound-up and dissolved, either by expiration of such Spectrum Fund's term or otherwise. While an investment may be sold at any time, it is not generally expected that this will occur for a number of years after the initial investment. Prior to such time, there often will be no current return on the investments to the investors in such Spectrum Fund. In recent periods, successful privately held companies have been more likely to stay private longer than in prior periods, increasing the length of time to liquidity for investors in those companies. Furthermore, sales of portfolio investments in connection with the winding up of a Spectrum Fund may include escrows of a portion of the sales proceeds or other arrangements (such as earn-outs), which may further delay the final liquidation of such Spectrum Fund. As a result of the foregoing, depending in part on the number of extensions of a Spectrum Fund's term that are effected, the final liquidation of such Spectrum Fund may not occur until several years or more after the end of such Spectrum Fund's term. Furthermore, the sale or transfer of a Spectrum Fund interest is subject to approval of the general partner of such Spectrum Fund and other restrictions contained in the applicable Governing Documents. Consequently, the limited partners of a Spectrum Fund (each, a "Limited Partner") may not be able to liquidate an investment in the event of an emergency or for any other reason.

While such investments offer the opportunity for significant investment gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that the general partner of a Spectrum Fund or SEM will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments. Prices of the investments may be volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, may significantly affect the results of a Spectrum Fund's activities.

Control Liability. A Spectrum Fund may own a significant or controlling percentage of the equity of its portfolio companies. A Spectrum Fund will generally appoint one or more representatives to the board of directors of the companies in which it invests.

Significant or controlling ownership and serving on the board of directors of a portfolio company exposes a Spectrum Fund's representatives, and ultimately a Spectrum Fund, to potential liability because a Spectrum Fund or its representatives may in certain cases be deemed to control, participate in the management of or influence the conduct of such portfolio company.

Non-Controlling Investments. A Spectrum Fund may invest in minority positions in portfolio companies and may have a limited ability to exert significant influence or protect its position. Accordingly, a Spectrum Fund may have a limited ability to protect its interests in such portfolio companies and to influence such portfolio companies' management. In such cases, a Spectrum Fund will be significantly reliant on the other equity participants in the portfolio companies and on the existing management and board of directors of such portfolio companies, which may include representation of other financial investors with whom a Spectrum Fund is not affiliated and whose interests may conflict with the interests of such Spectrum Fund.

Limited Number of Investments. SEM expects each Spectrum Fund to participate in a limited number of investments and, as a consequence, the aggregate return of a Spectrum Fund may be adversely affected by the unfavorable performance of even a single investment. Although SEM intends to diversify each Spectrum Fund's portfolio to the extent reasonably possible within the confines of such Spectrum Fund's investment strategy, the inability of SEM to achieve this objective could adversely affect the performance of a Spectrum Fund.

Leverage. Although the Spectrum Funds generally only borrow on a short-term basis, portfolio companies in which a Spectrum Fund invests may utilize leverage. Use of leverage may increase the exposure to adverse economic factors such as significantly rising interest rates, downturns in the economy or deterioration in the condition of any given portfolio company or its industry. Any event that adversely affects the value of a portfolio company held by a Spectrum Fund may be magnified to the extent that such portfolio company is leveraged. In the event a portfolio company is unable to meet principal and interest payments on its third-party indebtedness, the value of a Spectrum Fund's investment in such entity could be significantly reduced or even eliminated.

Lines of Credit. Certain Spectrum Funds utilize a capital call (also known as "subscription") line of credit to borrow on a short-term basis (generally up to 180 days) to fund investments and to pay expenses and other liabilities, and such Spectrum may borrow money (including, but not limited to, pursuant to such capital call line of credit) subject to the limitations set forth in the applicable Governing Documents. Though SEM and its affiliates intend to use capital call lines of credit primarily for administrative convenience to reduce the overall number of capital calls from the Limited Partners and avoid having excess cash on hand, a Spectrum Fund's net IRR is expected to be higher than it would be in the absence of such capital call line of credit, since such Spectrum Fund's net IRR will be based on the time Limited Partner contributions are actually made and use of the capital call line of credit will

delay such contributions (typically by up to 180 days). In addition to a capital call line of credit, certain Spectrum Funds may also utilize other lines of credit (e.g., hybrid or “net asset value” facilities), subject to the limitations on the amount of outstanding borrowing at any time in the applicable Governing Documents (as described above) but with borrowings under such other lines of credit not subject to the 180-day limit that applies to any capital call (subscription) line of credit. Such other lines of credit may or may not affect the timing of capital calls by Limited Partners (which, as noted above, is relevant for determining a Spectrum Fund’s net IRR). A Spectrum Fund (and indirectly its partners) will bear any interest expense, fees, or other costs in connection with such lines of credit. The capital call line of credit will provide the lender with certain rights, which SEM expects to include, among others, the right to call capital from the Limited Partners in the event of a default and, in the event of a failure by a Limited Partner to fully fund its capital contributions to the Spectrum Fund when due, the right to exercise certain default remedies directly against such Limited Partner. A Spectrum Fund’s lines of credit may also include restrictions on Limited Partners’ rights to transfer their interests in such Spectrum Fund, including in certain cases subjecting transfers to the prior approval from the lender. Lines of credit for a Spectrum Fund other than its capital call line of credit may require SEM or its affiliates to provide the lender with other rights, including but not limited to, a security interest in the portfolio investments of such Spectrum Fund.

Reliance on Other Management. The day-to-day operations of each portfolio company in which a Spectrum Fund invests will be the responsibility of such portfolio company’s management team. Although SEM and each Spectrum Fund’s general partner will monitor the performance of a Spectrum Fund’s portfolio companies and will screen for and, if necessary, recruit capable management, there can be no assurance that such management will be able to operate any such portfolio company in accordance with such Spectrum Fund’s expectations.

Reliance on Individual SEM Personnel. A Spectrum Fund will be particularly dependent upon the efforts, experience, contacts and skills of the individual personnel of SEM. The loss of any such individual could have a material, adverse effect on such Spectrum Fund, and such loss could occur at any time due to death, disability, resignation or other reasons.

Competition for Investments. The growth equity business is highly competitive, and has become more so in recent years due to a substantially increased flow of capital into venture capital, growth equity and private equity funds and similar investment organizations. The Spectrum Funds will generally be competing with other established funds and investment organizations with substantial resources and experience. Moreover, the volume of attractive investment opportunities varies greatly from period to period and a Spectrum Fund may be unable to find enough attractive opportunities to meet its investment objectives. There can be no assurance that a Spectrum Fund will be able to make investments on attractive terms, and it is possible that a Spectrum Fund’s term will expire before such Spectrum Fund has invested all of its available capital.

Bridge Financings. From time to time, a Spectrum Fund may lend money to a portfolio company or otherwise invest on an interim basis in portfolio companies on a short-term, unsecured basis in anticipation of repayment, a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in such Spectrum Fund's control, such long-term securities may not be issued and such bridge loans may remain outstanding. In such event, the compensation to the Spectrum Fund may not adequately reflect the risk associated with the unsecured position taken by such Spectrum Fund.

In addition, a Spectrum Fund may make an investment (whether in the form of equity or debt) in a portfolio company in anticipation of selling a portion of such investment to another investor or otherwise refinancing such investment in the near-term. To the extent provided in such Spectrum Fund's Governing Documents, these investments will not be taken into account in calculating certain percentage limitations with respect to such Spectrum Fund's investments and ability to borrow and to guarantee portfolio company indebtedness. For various reasons, a Spectrum Fund may be unable to sell or refinance such investment as quickly as expected or at all, which would increase such Spectrum Fund's exposure to such portfolio company.

Follow-On Investments. A Spectrum Fund may be called upon to provide follow-on funding for its portfolio companies or have the opportunity to increase its investment in portfolio companies. There can be no assurance that a Spectrum Fund will have sufficient capital to do so. Any decision not to make follow-on investments or the inability to make them may have a substantial negative impact on a portfolio company in need of such an investment or may diminish a Spectrum Fund's proportionate ownership in such portfolio company and thus its ability to influence such portfolio company's future development.

Reserves. In managing the Spectrum Funds, the general partners of the Spectrum Funds will establish reserves for follow-on investments in portfolio companies, operating expenses (including management fees payable to SEM), liabilities and other matters. Estimating the amount necessary for such reserves will be difficult, particularly because follow-on investment opportunities will be directly tied to the success and capital needs of portfolio companies. As set forth in the Governing Documents of each Spectrum Fund, the authority of a general partner of a Spectrum Fund to cause such Spectrum Fund to borrow will be strictly limited, which will further increase the difficulty of estimating the proper size of reserves. Inadequate or excessive reserves could have a material adverse effect upon the investment returns to the investors in a Spectrum Fund. For example, if reserves are inadequate, a Spectrum Fund may be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms associated with a "pay-to-play" or similar investment round where such Spectrum Fund does not exercise its preemptive rights. If reserves are excessive,

a Spectrum Fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts.

Non-U.S. Investments. A Spectrum Fund may from time to time invest in portfolio companies operating and/or organized outside of the United States. Such investments will involve risks not typically associated with investments in the securities of U.S. companies. Such investments may be subject to certain additional risks not presented by investments in U.S. portfolio companies due to, among other things, potentially unsettled points of applicable governing law, the risks associated with different accounting standards, different legal protections for investors, unusual regulatory burdens, political instability, fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of such Spectrum Fund) and the application of complex tax rules to cross-border investments. Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant foreign risks due to the increasingly international nature of many growth stage companies. Any adverse change to the political, economic, military or social environments in the host countries of a Spectrum Fund's portfolio companies could have a significant adverse effect upon the operations or financial performance of a Spectrum Fund. The foregoing factors may increase transaction costs, adversely impact the value of a Spectrum Fund's investments in non-U.S. portfolio companies and otherwise reduce returns to a Spectrum Fund's investors.

Litigation Risks. A Spectrum Fund will be subject to a variety of litigation risks, particularly if one or more of its portfolio companies face financial or other difficulties during the term of such Spectrum Fund. Legal disputes, involving any or all of the Spectrum Funds, their affiliates, or their portfolio companies, may arise from a Spectrum Fund's activities and investments and could have a significant adverse effect on such Spectrum Fund.

Regulatory and Enforcement Risks. The Spectrum Funds will be subject to a variety of securities laws and other types of governmental regulation in the United States and other jurisdictions that may limit the scope of its operations or impose material compliance costs and other burdens. Regulation of the venture capital and private equity industry, including regulation applicable to managers of private investment funds such as the Manager, has increased significantly in recent years. Additional regulation is likely in the future. Additionally, the SEC has recently proposed new rules and amendments to existing rules under the Advisers Act that would have notable practical implications for private fund advisers. Compliance with regulations (including regulations applicable to SEM under the Advisers Act involves significant time and attention from the SEM's personnel and such demands are likely to increase over time. SEM or its affiliates and personnel may be subject to regulatory examinations, investigations or enforcement actions that require additional time and attention from SEM's personnel and that could distract from the management of the Spectrum Funds' affairs. Enforcement actions and any resulting sanctions that have an adverse effect on SEM or its personnel could in turn have an adverse effect on the

Spectrum Funds. In certain cases, a Spectrum Funds or its portfolio companies themselves could become subject to regulatory investigation or enforcement actions that could involve significant cost or otherwise adversely affect such Spectrum Fund or its portfolio companies.

Changes in Environment. A Spectrum Fund's investment program is intended to extend over a period of years, during which the business, economic, political, regulatory, and technology environment within which the Spectrum Fund operates is expected to undergo substantial changes, some of which may be adverse to such Spectrum Fund. The business, operating results, financial condition and prospects of many of the Spectrum Funds' portfolio companies would likely be materially and adversely affected, as would the value of a Spectrum Fund's investments in such companies, by general downward swings in the overall economy or in the technology industry. A drawn-out recession, downturns in the economy, deteriorations in the condition of an industry sector in which a Spectrum Fund has invested or adverse developments in the securities or credit markets may have an adverse impact on some or all of a Spectrum Fund's investments. Additionally, a period of deteriorating general economic conditions could negatively impact the Spectrum Funds' ability to dispose of their portfolio company investments by adversely affecting the market for acquisitions and public offerings. Factors affecting economic conditions, including, for example, inflation rates, industry conditions, competition, technological developments, domestic and worldwide political, military and diplomatic events and trends, tax laws and innumerable other factors, none of which will be within the control of SEM, can substantially and adversely affect the business and prospects of the Spectrum Funds. Changing economic conditions could potentially adversely impact the valuation of portfolio holdings. Traditional exit opportunities for funds, such as the Spectrum Fund, have consisted primarily of initial public offerings and acquisitions of portfolio companies by other companies and, in the case of publicly-traded companies, often for stock. The ability of the Spectrum Funds to sell securities and realize investment gains will depend upon favorable market conditions. Initial public offering and merger and acquisition opportunities, including acquisitions by publicly traded companies (including special purpose acquisition companies ("SPACs")) may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by a Spectrum Fund. In addition, factors specific to a portfolio company may have an adverse effect on a Spectrum Fund's investment in such company. The economic environment for all companies may remain challenging. All portfolio companies may face intense competition, changing business and economic conditions, risks of technological acceptance and obsolescence or other developments that may adversely affect their performance. The investment sourcing, selection, management and liquidation strategies and procedures exercised by SEM in the past may not be successful, or even practicable, during a Spectrum Fund's term.

The ongoing Russian invasion of Ukraine could have an adverse impact on investments made by the Spectrum Funds. In addition to the humanitarian and political crises that are unfolding, the events in Ukraine are adversely impacting global commercial activity and have contributed to volatility in financial, currency and commodities markets. The ultimate regional and global impact of the conflict in Ukraine and ensuing crises is rapidly evolving and presents material uncertainty and risk that could negatively affect the performance and financial returns of the Spectrum Funds' investments.

Difficulty in Valuing Portfolio Investments. A Spectrum Fund's investment portfolio will consist primarily of high-risk investments in privately held companies, and most of such Spectrum Fund's investments will be difficult to value. There will be no readily available market for most of a Spectrum Fund's investments. Valuations of such investments as determined by SEM and its affiliates may vary from similar valuations performed by other investors or independent third parties for the same or similar types of securities or assets, and there can be no assurance that the valuations of such securities reflect true fair market value. The value of a Spectrum Fund's investments may also be affected by changes in accounting standards, policies, or practices. Due to a wide variety of market factors and the nature of the investments to be held by a Spectrum Fund, there is no guarantee that the value determined by SEM and its affiliates will represent the value that will be realized by such Spectrum Fund on the eventual disposition of the investments or that would, in fact, be realized upon an immediate disposition of the investments. In addition, valuations for many private companies have increased significantly over the past few years. Such valuations may not be sustainable or capable of further increase and in many cases, valuations for private technology companies have recently experienced decreases relative to their valuations in connection with prior funding rounds. Recently, some companies with substantial valuations based on private investment rounds have had initial public offerings or have been acquired at valuations below those established by prior private investment rounds. A general decline in valuations may impact the ability of the Spectrum Funds to ultimately realize returns commensurate with the valuations that are reflected in any materials presenting prior investment performance, which would reduce the investment results of such Spectrum Funds.

Stability of the Banking System. Silicon Valley Bank ("SVB") has been a provider of credit finance to businesses in the technology industry amongst others, and to private equity, growth capital, venture capital and other funds which invest in those businesses. On March 10, 2023, the California Department of Financial Protection and Innovation shut down SVB and appointed the Federal Deposit Insurance Corporation (the "FDIC") as receiver of SVB's assets and liabilities. On March 12, 2023, the Federal Reserve Board, Secretary of the Treasury and FDIC jointly announced that, pursuant to a system risk designation, all deposits with SVB (as well as all deposits at Signature Bank), whether insured or uninsured, would be protected. Analogous events have unfolded in relation to SVB's UK subsidiary, which has since been acquired. In the immediate aftermath of the bank failures, customers of both SVB and Signature Bank experienced disruptions in the ability to access

deposits and draw on credit facilities. By March 13, 2023, various assets and liabilities of the recent failed banks had been transferred to FDIC-operated bridge banks, which are fully operational. However, there still remains some uncertainty around the longer-term future of these bridge banks as potential sale options continue to be evaluated. Following the shutdown of SVB and Signature, a number of US regional banks suffered declines in their stock prices and needed to obtain access to additional funds.

These events have led to uncertainty in financial markets and the business community as to the stability of the banking sector more generally. There have been fears that the situation is systemic rather than limited to a few smaller banks. Soon afterwards, some larger and more systemically significant banks in Europe, the US and Asia have suffered stock price declines and, in some cases, stabilizing central bank action has been required. On March 19, 2023 UBS announced plans to acquire Credit Suisse following an earlier announcement by the Swiss central bank that it would extend emergency funding to Credit Suisse.

It is possible that systemic risk in the banking sector is greater than expected and that the current uncertainty will lead to more widespread disruption of the banking and broader financial sectors, or that other sectors and industries will be affected, including the technology sector in which the Spectrum Funds operate. Should any such disruption become widespread, this may pose a material risk to the Spectrum Funds' performance.

Deposit accounts in U.S. banks generally are insured up to \$250,000. Although the U.S. government protected deposits at SVB and Signature in excess of this amount, there is no guarantee that it will do the same in the case of failures of other banks. The Spectrum Funds do not expect to limit deposits at any particular bank to \$250,000. Portfolio companies will likely also have deposits at banks that exceed \$250,000 at a given time. As a result, the Spectrum Funds and their portfolio companies are subject to losses in respect of uninsured deposits in the event of bank failures, as well as delays in accessing funds that render a Spectrum Fund or its portfolio companies unable to satisfy payment obligations unless they can quickly access additional cash.

Availability of Credit for Technology Companies. SVB was and is a significant lender to both businesses and funds in the technology sector in which the Spectrum Funds operate. Its potential withdrawal from the sector may make debt finance and other financing arrangements significantly more difficult for participants in the sector to obtain, and significantly more expensive, at a time at which financial performance may be poorer and cash needs may be greater than in previous years. The absence of SVB from the lending market may adversely affect the performance of the Spectrum Funds and its portfolio companies for these reasons. This impact could be exacerbated if other banks that are active in the technology sector experience difficulties.

Monetary Policy and Governmental Intervention. As part of the response to COVID-19 and related economic disruptions, the U.S. Federal Reserve System (the “Federal Reserve”) and certain global central banks, including the European Central Bank, have taken action to seek to stabilize markets and encourage economic growth, acted to hold interest rates to low rates. Such actions may have a significant effect on interest rates, inflation and on the U.S. and world economies and financial markets generally. As a result of these policies, interest rates remained at relatively low levels on a historical basis for much of 2021. However, in the wake of these policies, global economies began to experience significant inflation. In early 2022, in light of increasing evidence of inflation, the Federal Reserve began raising the federal funds rate through the remainder of 2022 and has indicated that it expects continued increases in interest rates. Other non-U.S. governments and central banks have also increased interest rates and are expected to continue to do so. The presence of inflation and the resulting policy changes, including rising interest rates, have resulted in periods of significant equity and credit market volatility and instability in the financial markets more broadly. These economic conditions, should they persist, may make it riskier and more difficult for SEM to execute on a Spectrum Fund’s investment strategy successfully, including finding attractive investments and executing on opportunities for realizing value from investments. Among other things, the ability of a Spectrum Fund and its investments to borrow on attractive terms may be adversely affected. It is possible that investments with floating interest rate loans may become unable to meet their debt service obligations if their benchmark interest rates were to rise materially, or if these investments’ lenders or debt holders generally are unwilling to extend or refinance their loans or debt securities on similarly attractive terms. Such events could also put pressure on asset and equities prices, which in turn could affect the performance of a Spectrum Fund and the companies in which it invests, or limit the ability of portfolio companies to refinance debt or pay dividends.

Higher inflation and rising input costs will put pressure on a portfolio company’s profit margins, particularly where pricing power is lacking. For example, heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs. Government efforts to combat inflation, including through interest rate increases, may erode consumer sentiment and result in a recession. If a portfolio company is unable to increase its revenue in times of higher inflation, its profitability will be adversely affected. Typically, as inflation rises, a portfolio company will earn more revenue but also will incur higher expenses; as inflation declines, a portfolio company might be unable to reduce expenses in line with any resulting reduction in revenue. In addition to inflation, possible stagflation resulting in slow economic growth, on the one hand, and increasing prices for goods and services sold, on the other hand, could also have an adverse effect on a Spectrum Fund and its portfolio companies.

Conflicts of Interest

SEM 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

the Spectrum Funds, and providing transaction-related, legal, management and other services to the Spectrum Funds and their portfolio companies. SEM will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Spectrum Funds in an appropriate manner, as required by the Governing Documents, although the Spectrum Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of SEM conducting its activities, the interests of a Spectrum Fund likely will conflict with the interests of SEM, one or more other Spectrum Fund, portfolio companies, SEM personnel or their respective affiliates in certain circumstances. There can be no assurance that SEM will resolve all conflicts of interest in a manner that is favorable to a particular Spectrum Fund and its investors. Certain of these conflicts of interest are discussed herein. The Governing Documents of a Spectrum Fund will generally contain certain protections for investors against certain conflicts of interest faced by the applicable general partner and its affiliates, but will not purport to address all types of conflicts that may arise, and such Governing Documents will generally override or modify duties (including fiduciary duties) that might, only to the extent permitted by applicable law, otherwise exist in the absence of such provisions. As a general matter, SEM will determine all matters relating to structuring transactions and Spectrum Fund operations using its reasonable judgment considering all factors it deems relevant, in its sole discretion, but subject in certain cases to the required consents of advisory committee of the applicable Spectrum Funds under the Governing Documents.

Other Activities of the Managing Directors. SEM personnel will be engaged in some activities unrelated to the Spectrum Funds, including, without limitation, managing personal or family investments, attending to charitable or community endeavors and participating in industry-related activities. SEM personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, and to pay or receive compensation relating to these arrangements. Conflicts are expected to arise in the allocation of time, services, resources, or investment opportunities among the Spectrum Funds and other such activities.

There will be substantial overlap between the partners and members of the general partner entities of each Spectrum Fund. As a result, such partners and members will be subject to a variety of conflicts of interest arising from their independent duties to, and differing interests in, each Spectrum Fund.

Allocation of New Investment Opportunities in New Portfolio Companies between Predecessor Spectrum Funds and Successor Spectrum Funds. Until predecessor Spectrum Funds have used their remaining capital capacity for investments in new portfolio companies, as determined in good faith by their general partners, investment opportunities in new portfolio companies may be offered to and pursued by both predecessor Spectrum Funds and successor Spectrum Funds. Allocations between such Spectrum Funds will be determined on a case-by-case basis as determined by the applicable Managing Directors in their good faith

discretion, taking into account the nature and size of the opportunity (including projected follow-on financing requirements), a desire to complete an older fund's active investing cycle before making investments from a newly-formed fund, the amount of capital available for investment, portfolio construction, the life cycle of the applicable Spectrum Funds (including the age or remaining "investment period" of such Spectrum Funds) and such other fund, legal or regulatory requirements (including, but not limited to filings required by the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended ("HSR Filings")), whether the investment opportunity arose from an existing investment of a predecessor Spectrum Fund (e.g., a spinoff or spinout from an existing portfolio company) and such other factors as the applicable Managing Directors consider relevant. This potentially could include having a predecessor Spectrum Fund and a successor Spectrum Fund co-invest in a new portfolio company investment opportunity. To the extent that the Spectrum Funds co-invest in a new portfolio company, the sharing of that investment may not necessarily be pro rata relative to the respective capital commitments or remaining available capital of such Spectrum Funds. Even after a successor Spectrum Fund has commenced investing, SEM may again consider predecessor Spectrum Funds for investment opportunities in new portfolio companies if predecessor Spectrum Funds subsequently have additional capital available for new investment opportunities (e.g., because of proceeds received from the disposition of a portfolio investment or because amounts reserved for follow-on investments are no longer needed for that purpose) and is still permitted by its governing agreements to make investments in new portfolio companies.

Allocation of Follow-on Investment Opportunities. SEM's general policy is to consider follow-on investment opportunities (whether involving a financing round by a company or a secondary purchase of outstanding securities of such company, or otherwise) in a particular portfolio company on a priority basis for the Spectrum Fund(s) that has a then-existing investment in such portfolio company. Follow-on investment opportunities in companies in which more than one Spectrum Fund has a then-existing investment will be allocated for priority consideration by such Spectrum Funds in proportion to their relative ownership percentages of such portfolio company, provided that SEM and its affiliates may allocate such opportunities differently (including to other Spectrum Funds that have not previously invested in such company) if they determine, in their discretion, that such different allocation is appropriate under the circumstances (including, without limitation, if one or more of the funds lacks sufficient unreserved capital for such follow-on investment), which may result in one Spectrum Fund taking advantage of preemptive or similar rights that were otherwise held by another Spectrum Fund. In other cases, strict adherence by a portfolio company to preemptive or similar rights may impact the allocation of a follow-on investment if one of such Spectrum Funds does not have such rights or if the apportionment of such rights differs from the relative ownership percentages of the Spectrum Funds in such portfolio company. To the extent that there is additional capacity in a follow-on investment opportunity after it is considered for the Spectrum Fund(s) with the existing investment in the company, SEM may offer the opportunity to other Spectrum Funds.

Other Matters Related to Overlapping Investments with Other Spectrum Funds.

Spectrum Funds may hold or may acquire positions in portfolio companies in which one or more other Spectrum Funds are investing or have invested. Similarly, Spectrum Funds may hold or acquire a position in companies in which other Spectrum Funds hold or are acquiring investments. Such investments may be coincident or precede one another. Where initial investments by Spectrum Funds in the same company are made at different times, or where follow-on investments in a company in which more than one Spectrum Fund has an investment are made in proportions that differ from their then-existing ownership percentages of that company, conflicts of interest may arise with regard to valuations, exit opportunities and other matters. Even if investments in the same company by Spectrum Funds are made in the same securities, at the same times and in the same proportions across multiple financing rounds, conflicts may arise because of different liquidity needs, different time horizons, different “carried interest” percentages or different “carried interest” entitlements at a particular time among such Spectrum Funds.

In addition, conflicts may arise to the extent that a Spectrum Fund invests in the securities of a portfolio company that have different rights than, and/or are senior in the company’s capital structure to (e.g., debt vs. equity), the securities of such portfolio company held by another Spectrum Fund. In that regard, actions may be taken by such Spectrum Funds that are adverse to one another, including, but not limited to, during a restructuring, bankruptcy or other insolvency proceeding or similar matter. Where SEM, its affiliates, or other Spectrum Funds invest in different parts of the capital structure of a portfolio company, their respective interests may diverge significantly in the case of financial distress of the company. In a bankruptcy proceeding, a Spectrum Fund’s interest may be subordinated or otherwise adversely affected by virtue of another Spectrum Fund(s)’ involvement and actions relating to their investment. This may result in loss or substantial dilution of such Spectrum Fund’s investment, while such other Spectrum Fund(s) recover all or part of amounts due to them. In addition, where a Spectrum Fund is a creditor of a portfolio company in which other Spectrum Funds hold more junior securities, such Spectrum Fund may take actions in its own interests with respect to its rights as a creditor (e.g., with respect to breaches of covenants) that may be adverse to the interests of the other Spectrum Funds as junior creditors or equity holders. There can be no assurance that the terms of or the return on one Spectrum Fund’s investment will be equivalent to or better than the terms of or the returns obtained by any other Spectrum Funds participating in the transaction. SEM’s ability to implement a Spectrum Fund’s strategies effectively may be limited to the extent that contractual obligations entered into in respect of investments made by other Spectrum Funds impose restrictions on such Spectrum Fund engaging in transactions that SEM may otherwise be interested in pursuing.

SEM and its affiliates generally intend to allocate disposition opportunities with respect to a particular portfolio company among Spectrum Funds that have an interest in such portfolio company in proportion to their relative ownership

percentages of such portfolio company; provided, that SEM and its affiliates may allocate such opportunities differently if they determine, in their discretion, that such different allocation is appropriate under the circumstances, and accordingly, disposition opportunities will not necessarily be made at the same time or in proportion to dollars invested in that company or relative ownership percentages in that company. In such cases, SEM and its affiliates will allocate disposition opportunities among the Spectrum Funds in their discretion, taking into account (without limitation): the relevant provisions in agreements related to the applicable entities' investment in the portfolio company (such as "tag-along" or "piggy-back" rights); the relative ownership percentage of, and the relative amount invested by, each applicable entity in the portfolio company; the amount of gain (or loss), realized and unrealized, and the resulting multiple of invested capital and internal rate of return, on each applicable entity's investment in the portfolio company at the time of such disposition opportunity, whether on an absolute basis or relative to SEM's expectations or goals; the type of securities held by each entity in the portfolio company; liquidity needs for each applicable entity and the investment cycle of each applicable entity; respective holding periods for the investment of each applicable entity; the nature of the disposition opportunity, including the size of the opportunity; current and anticipated market conditions; tax, legal or regulatory considerations; and such other factors that SEM and its affiliates may determine to be relevant. As a result, Spectrum Funds may dispose of common investments at different times, in different forms (i.e., cash vs. in-kind) and at different prices.

SEM and its affiliates may reach different decisions regarding the allocation of investment and disposition opportunities in respect of each Spectrum Fund in situations that might otherwise appear to be similar.

In addition, SEM and its affiliates may have a financial incentive to support the interests of certain Spectrum Fund(s) by causing other Spectrum Fund(s) to invest (or to avoid investing) in a portfolio company, to invest on terms less favorable to such other Spectrum Fund(s) than they might otherwise obtain or to exercise its rights as a holder of portfolio company securities or otherwise act in a manner that helps, or minimizes harm to, the relevant other Spectrum Fund(s). In particular, there may be an incentive to cause a Spectrum Fund to provide capital to a portfolio company in order to maximize the likelihood that such portfolio company will survive, to enhance the value of the other Spectrum Fund(s)' investment or to facilitate the disposition of the other Spectrum Fund(s)' investment in such portfolio company, even when doing so would entail an unattractive investment, or an investment on unattractive terms, by such Spectrum Fund. In any such case, the profitability of such Spectrum Fund(s)' investment, and such Spectrum Fund(s)' overall performance, may be substantially reduced.

Some or all of an investment opportunity that is allocated by SEM to one Spectrum Fund may be the result of preemptive or similar rights that other Spectrum Fund(s) had to invest in such opportunity or may otherwise represent an opportunity that

was made available to SEM because of the pre-existing investments of such other Spectrum Fund(s) in the relevant portfolio company.

Where multiple Spectrum Funds invest in the same company at different times, the first Spectrum Fund to invest will typically, but not always, bear a higher level of diligence, costs and expenses than later Spectrum Funds; similarly, to the extent a transaction does not proceed, the first Spectrum Fund that intended to invest will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Spectrum Funds could or would have invested in the company in potential future transactions. SEM and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally. There can be no assurance that the return on a Spectrum Fund's investments will be the same as the returns obtained by other Spectrum Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to each applicable Spectrum Fund. In that regard, actions taken for one or more Spectrum Funds may adversely affect one or more other Spectrum Funds.

Allocation of Investment Opportunities Between the Select Opportunities Funds, Overage Vehicles and Other Spectrum Funds. As noted above, SEM has formed, and may in the future form, one or more Select Opportunities Funds. In addition, SEM has formed, and may in the future form, one or more investment vehicles (each, an "Overage Vehicle") as part of SEM's "Discretionary Overage Program", for the purpose of co-investing with certain Spectrum Funds in follow-on investments in existing portfolio companies of other Spectrum Funds, whether or not such Spectrum Funds participate in such investments where certain criteria and investment thresholds have been met in respect of the relevant portfolio companies.

The investors in any Select Opportunities Fund and/or Overage Vehicle will include some, but not all, limited partners of the other Spectrum Funds and/or persons affiliated with them, and may include persons and entities that are not limited partners of the other Spectrum Funds. SEM will determine in its sole discretion the persons and entities to which interests in any Select Opportunities Fund or Overage Vehicle may be offered.

The operation of the Select Opportunities Funds and the Overage Vehicles gives rise to certain potential conflicts of interest, some (but not all) of which are discussed below. The Select Opportunities Funds and the Overage Vehicle generally will bear a management fee on invested capital only (as opposed to on aggregate capital commitments), which may create an incentive for SEM and its affiliates to allocate a larger portion of investment opportunities to a Select Opportunities Fund or the Overage Vehicle, as applicable, in order to increase the aggregate amount of management fee paid by the relevant Spectrum Funds and the Select Opportunities Fund or the Overage Vehicle, as applicable. In addition, the relevant Spectrum Funds and Select Opportunities Funds and/or Overage Vehicles may charge different

carried interest percentages. SEM and its affiliates also have an incentive to allocate investment opportunities between the relevant Spectrum Funds and the Select Opportunities Fund or the Overage Vehicle, as applicable, in a manner that SEM and its affiliates believe will maximize the amount distributable to SEM and its affiliates with respect to the “carried interest” payable by the relevant Spectrum Funds and the Select Opportunities Funds or the Overage Vehicle, as applicable.

With respect to allocations of investment opportunities between the relevant Spectrum Funds, on one hand, and a Select Opportunities Fund, on the other hand, SEM intends that investment opportunities in a portfolio companies in which the relevant Spectrum Funds (but not a Select Opportunities Fund) have an existing investment will generally be allocated first to the relevant Spectrum Funds and, if applicable, predecessor or successor Spectrum Funds that have a then-existing investment in the applicable portfolio company until they have taken their full desired portion (if any) of such opportunity (which determination is made by SEM and its affiliates in their discretion). Any excess portion of such follow-on investment opportunity may then be considered for a Select Opportunities Fund in the discretion of SEM or its affiliates. Once the relevant Spectrum Funds (but not a Select Opportunities Fund), have taken their full desired portion of such opportunities, a Select Opportunities Fund then making investments in new portfolio companies may be considered for such investment opportunities if any excess is available. In determining the desired portion of an investment for the relevant Spectrum Funds, SEM and its affiliates will take into account such factors as they determine to be relevant (including, without limitation, anticipated or projected investment performance; the nature and size of the investment opportunity (including projected follow-on (or subsequent follow-on) investment requirements); the amount of capital that the relevant Spectrum Funds have available for investment generally and for the particular company (which depends in part on the relevant Spectrum Funds’ reserves for such investment and other investments; the relevant Spectrum Funds’ available cash; the relevant Spectrum Funds’ portfolio construction and diversification (by stage, geography and sector); the age or remaining “investment period” of the relevant Spectrum Funds and the expected timing for realization of potential returns; regulatory issues that may arise from the participation of the relevant Spectrum Funds in the investment opportunity (including, but not limited to, HSR Filings); and any investment restrictions or investment opportunity allocation provisions in the Governing Documents of the relevant Spectrum Funds.

With respect to allocations of investment opportunities between the relevant Spectrum Funds, on one hand, and the Overage Vehicle, on the other hand, SEM and its affiliates will allocate investment opportunities in the manner described in the Governing Documents of the relevant Spectrum Funds, which generally depend on the size of the applicable investment opportunity relative to the capital commitments of the applicable Spectrum Funds that the applicable Overage Vehicle is co-investing with, the available capital of the applicable Overage Vehicle, investment restrictions applicable to the participating Spectrum Funds, the

availability of strategic investors, and any other factors deemed relevant in consultation with the advisory committees of the applicable Spectrum Funds.

SEM and its affiliates will in certain cases reach different decisions regarding the allocation of investment and disposition opportunities in respect of the relevant Spectrum Funds and the Select Opportunities Funds or the Overage Vehicle, as applicable, in situations that might otherwise appear to be similar.

Principal and Cross Transactions. Subject to any consent and other conditions expressly required under the applicable Governing Documents, from time to time one or more Spectrum Funds may purchase securities of one or more companies from other Spectrum Funds or may sell securities of portfolio companies to one or more other Spectrum Funds (including to a Select Opportunities Fund on the terms set forth in the applicable Governing Documents), provided that the transfer is consistent with SEM's fiduciary obligations to each Spectrum Fund participating in the cross transaction. Such a transaction entails a conflict of interest because SEM or an affiliate thereof acts for each of the Spectrum Funds involved and may have an incentive to improve the performance of one Spectrum Fund by selling an underperforming asset to another Spectrum Fund (for example, to increase the "carried interest" payable to SEM or its affiliates by such other Spectrum Fund). Where a Spectrum Fund purchases securities of portfolio companies directly or indirectly from other Spectrum Funds, the proceeds of such transactions will generally inure to the benefit of such other Spectrum Funds and their investors, and not to the applicable portfolio company. In addition, a Spectrum Fund may make an investment in a portfolio company of another Spectrum Fund at or after the time such other Spectrum Fund disposes of a portion of its investment in such portfolio company, including in connection with a financing that provides proceeds for the disposing Spectrum Fund. Without limiting the generality of the foregoing, SEM and its affiliates may also cause a Spectrum Fund to "warehouse" investments for a successor Spectrum Fund, subject to the consent of the advisory committee of such Spectrum Funds to transfer the "warehoused" investments to such successor Spectrum Fund. Moreover, SEM or an affiliate may, in certain circumstances, engage in a "principal" transaction in which a Spectrum Fund purchases securities from, or sells securities to, SEM or an affiliate. In analyzing such principal transactions, SEM and its affiliates may have a conflict between acting in the best interests of the Spectrum Fund and assisting itself or its affiliates by selling or purchasing a particular security. SEM will seek the Spectrum Fund's consent (via an advisory committee consent or otherwise) in connection with any principal transaction to the extent required under the Advisers Act.

Parallel Funds, Employee Investment Funds and Similar Vehicles. Certain Spectrum Funds are established as parallel limited partnerships (each a "Parallel Fund") to other Spectrum Funds to address the needs of certain limited partners or to address other tax or regulatory issues. Such other Spectrum Funds may exit an investment in a portfolio company by a sale or disposition of the securities of such portfolio company while a Parallel Fund may exit an investment in the same portfolio

company by a sale or other disposition of securities of a “blocker” corporation that holds the securities of such portfolio company. Parallel Funds and Employee Investment Funds may also engage in re-balancing “cross trades” pursuant to the terms of their Governing Documents if and as the relative capital commitments between the funds change during their respective fundraising periods.

Co-Investment Opportunities. SEM or its affiliates may, but are under no obligation to, offer co-investment opportunities to select Limited Partners (without making any such opportunity available to all Limited Partners), as well as to other private investors, groups and/or individuals. Given the nature and timing of co-investment opportunities, while SEM or its affiliates may bring co-investment opportunities to the attention of certain Limited Partners (and may charge fees and/or “carried interest” with respect to such opportunities), there is no guarantee that they will bring co-investment opportunities to the attention of any particular Limited Partner notwithstanding that other Limited Partners may have been invited to participate and SEM and/or its affiliates may be subject to conflicting interests with respect to offering co-investment opportunities. Any Limited Partner participating in a co-investment must satisfy independently the investor qualification standards and other regulatory conditions applicable to such co-investment and, in any event, SEM and its affiliates shall reserve the final right to accept or reject the participation of such investors in the co-investment opportunity.

Co-investments by Limited Partners or third parties may be made directly in the applicable portfolio company or may be made through special purpose vehicles formed by SEM or its affiliates, which special purpose vehicles may include investments from persons associated with SEM and/or which may be for one or multiple co-investments. SEM or its affiliates may (but shall not be obligated to) receive fees, “carried interest” or other compensation in connection with such co-investments (and the terms of any such fees, “carried interest” or other compensation may differ from the terms of the applicable Spectrum Funds with regard to such matters). Any such fees, “carried interest” or other compensation received from co-investors in connection with an investment in a portfolio company will not offset the management fee payable by the applicable Spectrum Funds or otherwise benefit the applicable Spectrum Funds or its investors. Such co-investment opportunities may arise in connection with the applicable Spectrum Funds’ initial investment in a portfolio company or in connection with a follow-on round for a portfolio company in which the applicable Spectrum Funds have previously invested (including follow-on rounds where SEM has determined that the applicable Spectrum Funds will not participate).

Co-investment opportunities (if any) for Limited Partners (or persons or entities associated with Limited Partners) or third parties (including investors in other Spectrum Funds) will be made available on a case-by-case basis by SEM or its affiliates if and when they determine that it is in the best interests of the applicable Spectrum Funds to do so (taking into account, among other factors, the applicable Spectrum Funds’ desired portion (if any) of an investment opportunity). The factors

that SEM and its affiliates may consider in allocating any particular co-investment opportunity to one or more Limited Partners (or persons or entities associated with Limited Partners) or to third parties include, among others: general co-investment interest (whether a prospective co-investor has indicated to SEM a desire to make investments of the type offered by the opportunity (e.g., the business and stage of the company or the size of the available co-investment opportunity)); specific co-investment interest (whether a prospective co-investor has proactively approached SEM in respect of potentially co-investing in a particular portfolio company if and to the extent that an opportunity is available); participation in previous co-investment opportunities offered by SEM; timing (how quickly the prospective co-investor is able to conduct its own due diligence and make its own decision with respect to an opportunity); ability to make the investment (whether a prospective co-investor has the financial and other resources to make the investment); quality of deal partner (whether SEM believes that a prospective co-investor will represent a good syndicate partner in connection with the investment, including by giving confidence that such prospective co-investor will be able to meet future investment needs of the portfolio company); strategic value (e.g., the potential of the co-investor to introduce strategic relationships or provide operating advice or other industry expertise to the portfolio company); portfolio company interest in particular co-investors; capital commitment or potential capital commitment to Spectrum Funds (the size of a prospective co-investor's capital commitment to other Spectrum Funds and/or the potential for such co-investor to commit to another Spectrum Fund); and such other factors relevant to the relationship of a particular investment opportunity to a given prospective co-investor.

Co-investors (including an entity formed and managed by SEM or an affiliate to co-invest with the applicable Spectrum Funds in a particular investment) may be granted or allowed certain rights to participate in follow-on investments with respect to the particular portfolio company but will not necessarily be granted or offered such rights or otherwise be required to participate in follow-on investments (whether or not the applicable Spectrum Funds participate). If SEM has formed an entity managed by SEM or an affiliate to facilitate a co-investment with the applicable Spectrum Funds in one or more particular portfolio companies, disposition opportunities with respect to such portfolio company will be allocated between such entity and the applicable Spectrum Funds as determined by SEM and its affiliates in their sole discretion (subject to any specific requirements in the governing agreements for such co-investment entity), taking into consideration such factors that they consider to be relevant, including (if applicable) but not limited to, those described under "Other Matters Related to Overlapping Investments with Other SEM Funds" above.

In certain cases, co-investors may receive a portion of any fees payable by the applicable portfolio company that might otherwise have been received by SEM or employees of SEM and that might otherwise have reduced the management fee payable by the applicable Spectrum Funds.

In connection with co-investment opportunities, some co-investors (which may include one or more Limited Partners) may be provided with the opportunity to serve on the board of directors of the applicable portfolio company. A position on the board of directors of a portfolio company provides such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other investors in the applicable Spectrum Funds. In certain cases, co-investors may also have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights would limit the ability of SEM and its affiliates to take actions with respect to the portfolio company that they consider to be in the best interests of the applicable Spectrum Funds.

In certain instances, a Limited Partner or persons or entities associated with a Limited Partner may make an investment in the same company as the applicable Spectrum Funds pursuant to an opportunity sourced directly by such Limited Partner (or such associated person or entity) or made available to such Limited Partner (or such associated person or entity) by someone other than SEM, the applicable Spectrum Funds or their affiliates.

As further described above, SEM will not be required to offer any co-investment opportunities or investments in which an Overage Vehicle or a Select Opportunities Fund participates to the Limited Partners and such entities will generally receive priority over Limited Partners with respect to potential investment opportunities that SEM believes are appropriate investments for an Overage Vehicle or a Select Opportunities Fund, as applicable.

In the event that a proposed co-investment opportunity in a new or existing portfolio company is not consummated, certain costs and expenses will likely have been incurred by the applicable Spectrum Funds in pursuit of such investment opportunity, including (without limitation), legal, financial, travel and other business diligence costs and expenses. While SEM generally expects to seek to cause potential co-investors to bear their proportionate share of such costs, such costs and expenses may be paid solely by the Spectrum Fund(s) participating in such investment and in such instance, any potential co-investors (including participants in any Overage Vehicle) to which SEM had offered (or may have intended to offer) such opportunity will not bear any portion of such “broken deal” costs and expenses. If a co-investment by co-investors through an entity formed by SEM or its affiliates does close, the portion of unreimbursed transaction expenses incurred by the applicable Spectrum Funds in connection with such investment, unreimbursed expenses incurred by the applicable Spectrum Funds in connection with the ongoing monitoring of its investment in the applicable company and any other unreimbursed expenses incurred by the applicable Spectrum Funds with respect to such investment that are payable by the co-investors (if any) will be determined on a case-by-case basis by SEM and its affiliates in good faith (in each case, subject to

such co-investment entity having sufficient capital available to pay for such expenses). SEM may not have the ability and in any event will have no obligation to cause co-investors to bear any expenses incurred by the applicable Spectrum Funds or to bear any particular portion of such expenses (and will have no obligation to pro rate or otherwise reduce the amount paid by the applicable Spectrum Funds in respect of any such expenses to take into account the co-investment).

Transactions Between the Spectrum Funds or Portfolio Companies and Former Employees of Spectrum Equity. SEM may, in its discretion, cause the Spectrum Funds and their portfolio companies to have ongoing business dealings, arrangements, or agreements with persons who are former employees of SEM (including, without limitation, by making an investment in a portfolio company founded by such a former employee or where such a former employee is a current employee, as further discussed below), and has done so with respect to certain Spectrum Funds. The applicable Spectrum Funds and portfolio companies would bear, directly or indirectly, the costs of such dealings, arrangements, or agreements. In such circumstances, there may be a conflict of interest between SEM and such Spectrum Funds (or such portfolio companies) in determining whether to engage in or to continue such dealings, arrangements, or agreements, including the possibility that SEM may favor the engagement or continued engagement of such persons even if a better price or quality of service could be obtained from another person. Without limiting the generality of the foregoing, other Spectrum Funds have invested in companies that have been formed by former SEM employees, or with respect to which former SEM employees are involved as founders, employees or otherwise, and such Spectrum Funds will also make such investments if the applicable general partners determine that any such investment is appropriate for such Spectrum Funds.

Fund Expenses. Each Spectrum Fund will pay and bear all expenses related to its operations. The amount of these expenses will be substantial and will reduce the actual returns realized by Limited Partners on their investment in such Spectrum Fund (and may, in certain circumstances, reduce the amount of capital available to be deployed by such Spectrum Fund in investments). Such expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of such expenses ultimately called or called at any one time may exceed expectations. As described further in the applicable Governing Documents and "*Other Fees and Expenses*" above, such expenses encompass a broad swath of expenses and include all expenses of operating the applicable Spectrum Fund. Although the costs and expenses of organizational expenses are separately categorized and typically subject to a limit under the applicable Governing Documents, ongoing expenses to be borne by Limited Partners and not classified as organizational expenses include costs that relate to organizational matters, such as costs and expenses of administering "side letters" entered into with Limited Partners. In addition, certain expenses will be incurred by certain Spectrum Funds for the benefit of a particular Limited Partner (for example, in connection with compliance with any obligations imposed on such

Spectrum Funds by a “side letter” entered into with such Limited Partner) and not all Limited Partners. In most cases, such expenses will be borne by such Spectrum Funds and not by such Limited Partner individually. Expenses to be borne by SEM and its affiliates are only limited to those items specifically enumerated in the Governing Documents (such as rent for office space, office furniture and salaries of its employees), and all other costs and expenses in operating a Spectrum Fund will generally be borne by such Spectrum Fund, and therefore indirectly by its Limited Partners.

Expenses may be incurred that are attributable to more than one Spectrum Funds (including in connection with portfolio companies in which such Spectrum Funds have overlapping investments and in connection with the general operation and administration of such entities). The allocation of such expenses among such entities raises potential conflicts of interest, in part because expenses paid by a Spectrum Fund generally will affect the amount of “carried interest” that SEM or an affiliate acting as the general partner of such Spectrum Fund will receive. From time to time, SEM or an affiliate will be required to decide whether costs and expenses are to be borne by the Spectrum Funds, on the one hand, or SEM or affiliates acting as the general partners of such Spectrum Funds, on the other, and/or whether certain costs and expenses should be allocated between or among a Spectrum Fund and its Parallel Funds, on the one hand, and other Spectrum Funds, on the other. SEM and its affiliates will make such judgments notwithstanding its interest in the outcome and may make corrective allocations should, based on periodic reviews, it determine that such corrections are necessary or advisable.

As between the Spectrum Funds, common fees and expenses in respect of a particular portfolio company generally will be shared among such Spectrum Funds pro rata based on the amount invested in such portfolio company (unless SEM and its affiliates determine in good faith that another apportionment of a particular expense is equitable under the circumstances). SEM and its affiliates generally intend to allocate any other expenses attributable to multiple Spectrum Funds in an equitable manner as determined by SEM or such affiliates in good faith, taking into account such factors that it determines to be relevant for the particular expense. If any such entity does not have available assets to pay its allocable portion, SEM and its affiliates would adjust the allocation of such expenses between such entities (with a greater portion being allocated to the entities with available assets) on a temporary basis or, if necessary, on a permanent basis.

Valuations. SEM and its affiliates’ exercise of discretion in valuing the assets of the Spectrum Funds gives rise to conflicts of interest. For example, valuations influence SEM’s investment track record. SEM intends to apply its valuation policies and procedures, as in effect from time to time, in determining the valuation of the assets of the Spectrum Funds. Under its valuation policies and procedures, SEM considers a variety of inputs and factors in determining valuations in accordance with U.S. generally accepted accounting principles. In addition, annual valuations of the Spectrum Funds’ portfolio investments are generally subject to the approval of

the applicable advisory committee (if any). Further, SEM and its affiliates generally provide valuations of the Spectrum Funds' portfolio investments to the applicable advisory committee (if any) at other times that valuation is required pursuant to the applicable Governing Documents, and the applicable advisory committee (if any) has a right to object to such valuations as described in the applicable Governing Documents. In addition, due to the current economic climate, many private technology companies have recently experienced decreases to their valuations as compared to prior funding rounds or have not seen their valuations continue to increase at the rate of prior years. The value of the Spectrum Funds' investments may also be affected by changes in accounting standards, policies, or practices. Due to a wide variety of market factors and the nature of the investments to be held by the Spectrum Funds, there is no guarantee that the value determined by SEM and its affiliates will represent the value that will be realized by the Spectrum Funds on the eventual disposition of the investments or that would, in fact, be realized upon an immediate disposition of the investments.

Transactions Between Portfolio Companies of the Spectrum Funds. Portfolio companies of the Spectrum Funds may engage in commercial transactions (including mergers and acquisitions) with one another from time to time as they determine to be appropriate in their business judgment. A merger or similar transaction between portfolio companies of different Spectrum Funds may result in certain Spectrum Funds receiving securities of a portfolio company of other Spectrum Funds. SEM anticipates that material transactions between portfolio companies generally would be on arm's-length terms or on terms otherwise considered to be equitable to both companies under the circumstances. Advisory committee consent of the applicable Spectrum Funds would not be required for such transactions. Limited Partner consent would also not be required for such transactions. However, such transactions could benefit the portfolio company of some Spectrum Funds more than the portfolio company of other Spectrum Funds.

SEM anticipates that it will from time to time recommend the products or services of a portfolio company of certain Spectrum Funds to other portfolio companies of other Spectrum Funds. SEM will be presented with a conflict of interest in making such recommendations in that it has an incentive to maintain goodwill with the existing and prospective portfolio companies of its funds, while the products or services recommended may not necessarily be the best available to its other portfolio companies. Although use of any such products or services by a Spectrum Fund's portfolio company would be voluntary, a Spectrum Fund's portfolio company may nevertheless feel conflicted in their choice of vendors and might select the portfolio company of the other Spectrum Funds when there are better or cheaper products or services offered by unrelated companies. The benefits received by a portfolio company of such Spectrum Funds regarding a product or service may be greater than those received by the portfolio company of the other Spectrum Funds regarding such product or service.

Distributions in Kind. In certain instances, SEM or its affiliates may determine to distribute securities of a portfolio company in kind to the investors in a Spectrum Fund, while causing another Spectrum Fund that has invested in such portfolio company to continue to hold such portfolio company's securities. Any such distribution could result in downward pressure on the price of such securities, which would have an adverse effect on the net asset value of any Spectrum Fund that continues to hold such company's securities and may negatively impact the ultimate returns to such Spectrum Fund with respect to its investment in such company.

If a Spectrum Fund makes a distribution in kind, its general partner will generally receive the same securities as the Limited Partners. Such general partner will act in its own interest with respect to its share of such securities and may determine to sell the distributed securities (which may include selling its securities prior to the time at which a Limited Partner sells its distributed securities), hold such distributed securities for such amount of time as such general partner shall determine, or distribute such securities to such general partner's beneficial owners (who then may make their own determinations as to whether to sell or hold such securities). In addition, to the extent permitted by the applicable Governing Documents, such general partner may choose to receive a distribution in kind but otherwise distribute cash proceeds to the Limited Partners. The ability of the general partner of a Spectrum Fund to act in its own interest with respect to such distributed securities creates a conflict of interest between such general partner and its partners and affiliates, on the one hand, and the Limited Partners of such Spectrum Fund, on the other hand.

Investors as Portfolio Company Acquirers; Investors with an Ownership Interest in a Portfolio Company. In certain instances, an investor in one or more Spectrum Funds may directly or indirectly be a potential acquirer for a portfolio company of such Spectrum Funds or other Spectrum Funds in which it is not an investor. SEM anticipates that any such acquisition of a portfolio company by any such investor (or an affiliate thereof) would be on arms' length terms and that any such investor (or affiliate) would not receive preferable terms resulting from its status as an investor in a Spectrum Fund. However, conflicts of interest may arise in such a situation. For example, SEM may have an incentive to engage in a sale process that favors such investor, despite such potential acquirer offering a lower price than other potential acquirers.

In addition, the Spectrum Funds are generally permitted to make an investment in a prospective portfolio company where an investor in the Spectrum Funds (or an affiliate thereof) may directly or indirectly be an equity holder or beneficial owner of securities of such prospective portfolio company. SEM anticipates that any such acquisition of an interest in such a prospective portfolio company by such Spectrum Funds would be on arms'-length terms and would be made without regard to any additional benefit such investor(s) (or their affiliate(s)) would receive as a result of their relationship with such prospective portfolio company. However, conflicts of interest may arise in such a situation.

Competitive Portfolio Companies. The Spectrum Funds may invest in one or more companies that is a competitor of, or that subsequently becomes a competitor of, another company in which one or more other Spectrum Funds have invested. Such competitive situations may result in conflicts for SEM and its affiliates in their ongoing interactions with the competitive companies and could, in certain circumstances, result in SEM and its affiliates receiving less information about such companies that they might have received in the absence of such competitive situation. Competitive situations could also result in the Spectrum Funds or SEM and its associated persons (who are generally indemnified by the Spectrum Funds) facing legal claims regarding misuse of a company's confidential information, breach of duties to the portfolio companies or other matters related to the competitive situation. In certain cases, SEM may decline to pursue an opportunity for a Spectrum Fund because of a competitive situation even though the opportunity might otherwise be an attractive one for such Spectrum Fund.

Partnership Agreement Conflicts. The Governing Documents establish complex arrangements among the Spectrum Funds, SEM, investors, and other relevant parties. From time to time, questions will arise regarding certain parties' rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of the Governing Documents. In some instances, the operative provisions of the Governing Documents may be broad, unclear, general, conflicting, ambiguous or vague and may allow for multiple reasonable interpretations. In other instances, there may not be a directly applicable provision. While SEM will construe the relevant provisions of the Governing Documents in good faith and in a manner consistent with its legal obligations, the interpretations used may not be the most favorable to the Spectrum Funds or their investors.

Item 9 - Disciplinary Information

Neither SEM nor any of its principals have been the subject of any material legal proceeding required to be disclosed in response to this item.

Item 10 - Other Financial Industry Activities and Affiliations

Registered Broker-Dealers

Neither SEM nor any of its management persons are registered as a broker-dealer or a registered representative of a broker-dealer. In addition, SEM and its management persons are not affiliated with any broker-dealer.

Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors

Neither SEM nor any of its management persons are registered as a registered futures commission merchant, commodity pool operator or commodity trading advisor.

Relationships with Related Persons

As discussed in the subsection titled *"Participation or Interest in Client Transactions and Personal Trading,"* SEM and its related persons are, directly or indirectly, the general partners, limited partners and/or managing members of the general partner of each of the Spectrum Funds. SEM and its related persons manage multiple Spectrum Funds. This can create conflicts in the allocation of time, resources and investment opportunities among the Spectrum Funds. Please refer to the Governing Documents of the relevant Spectrum Fund for complete information on the requisite time commitments (if any) of SEM and its related persons to the Spectrum Funds and the allocation of investment opportunities among the Spectrum Funds. Please also refer to the description of SEM's investment allocation policy described in the subsection *"Side-by-Side Management"* above.

Employees of SEM and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which the Spectrum Funds invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. In connection with such activities, employees of SEM may be given access to confidential information relating to companies in which the Spectrum Funds invest or may otherwise become subject to legal or contractual restrictions on their ability to effect transactions for the Spectrum Funds. As a result, the Spectrum Funds may, under certain circumstances, be prohibited for a period of time from engaging in transactions with respect to the debt or equity securities of certain portfolio companies, which prohibition may have an adverse effect on the Spectrum Funds. The above individuals may spend a substantial portion of their time with these related management activities.

Subject to any specific consent or other requirements under the Governing Documents of the relevant Spectrum Funds, from time to time, certain Spectrum Funds (including Select Opportunities Funds) will hold or may acquire positions in portfolio companies in which other Spectrum Funds invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which a Spectrum Fund and one or more other Spectrum Funds have invested may not necessarily be pro rata based on existing ownership in such companies. The Spectrum Funds may have divergent interests with respect to exit strategies from such investments, restructuring the capital structure or business of such companies or other matters affecting the investment in such companies. To the extent that multiple Spectrum Funds hold an interest in the same company, disposition opportunities with respect to that investment shall, to the extent practicable, be allocated among such Spectrum Funds on a basis that is fair and equitable to each Spectrum Fund as determined by SEM taking into account all relevant facts and circumstances.

In connection with certain investments by a Spectrum Fund, some of such Spectrum Fund's investors may participate in such investments directly or indirectly through a "blocker corporation" while other investors (and the SEM related person serving as

such Spectrum Fund's general partner) may participate without use of an intervening "blocker corporation". This will create conflicts for SEM, particularly in structuring an exit from such investments given the varying tax implications to the Spectrum Fund's general partner and the Spectrum Fund's other investors resulting from different exit structures. Returns from such investments to the Spectrum Fund's general partner, including in respect of its carried interest, typically would not be reduced by any taxes, reduction in proceeds or other expenses borne by any investor participating in such investments directly or indirectly through a "blocker corporation".

Investments by a Spectrum Fund may cause SEM and its related persons to become subject to legal or contractual restrictions on their ability to effect transactions for other Spectrum Funds, for example due to the receipt of non-public information or due to the existence of a control relationship between SEM and a portfolio company. In addition, it is possible that in a bankruptcy proceeding a Spectrum Fund's interest in a portfolio company may be adversely affected by another Spectrum Fund's involvement and such other Spectrum Fund's actions relating to its investment.

SEM will determine all matters relating to structuring transactions, including the amount and terms of securities, allocation of securities among the relevant Spectrum Funds and amounts potentially available for co-investment opportunities, using its best judgment considering all factors it deems relevant and subject to any specific consent or other requirements under the Governing Documents or "side letters" for the relevant Spectrum Funds.

Selection or Recommendation of Other Advisers

SEM does not recommend or select other investment advisers for its clients and does not receive compensation from such advisers in a manner that would create a material conflict of interest. SEM does not have other business relationships with other advisers that create a material conflict of interest.

Item 11 - Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Code of Ethics

SEM has adopted a Code of Ethics under Rule 204A-1 of the Advisers Act expressing SEM's commitment to ethical conduct. SEM's Code of Ethics describes its fiduciary duties and responsibilities to its clients, and sets forth, among other things, SEM's (i) policies on receipt of gifts by employees and campaign contributions and (ii) practice of monitoring the personal securities transactions of supervised persons with access to client investment recommendations. Under SEM's Code of Ethics, all supervised persons have a duty to act only in the best interests of the Spectrum Funds and potential conflicts and violations of the Code of Ethics must be promptly reported to SEM's Chief Compliance Officer ("CCO"). All supervised persons must acknowledge

the terms of the Code of Ethics annually, or when amended. It is the expressed policy of SEM that no person employed by SEM shall prefer his or her own interest to that of a Spectrum Fund or make personal investment decisions based on the investment decisions of the Spectrum Funds.

To supervise compliance with its Code of Ethics, SEM requires that anyone associated with its advisory practices with access to advisory recommendations provide annual securities holdings reports and quarterly brokerage statements (or equivalent quarterly transaction reports) to the firm's CCO. SEM requires such "access persons" to also receive approval from the CCO prior to investing in any initial public offerings or private placements.

In an effort to prevent inappropriate securities transactions by SEM's personnel, the CCO will maintain and make available a list of restricted securities. Access persons are strictly prohibited from trading on their own behalf in restricted securities without obtaining the prior written approval of the CCO.

SEM requires that all individuals act in accordance with all applicable federal and state regulations governing investment advisory practices. SEM also has a policy prohibiting the use of material non-public information. Any individual not in observance of the above may be subject to discipline or termination. Accordingly, should SEM or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, SEM generally would be prohibited from communicating such information to limited partners (except in the case of periodic reporting to limited partners, certain information shared with a Spectrum Fund's advisory committee and in certain other circumstances), and SEM will have no responsibility or liability for failing to disclose such information to limited partners as a result of following their policies and/or procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of SEM personnel serving as directors of public companies and may restrict trading on behalf of clients, including a Spectrum Fund.

SEM will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

Participation or Interest in Client Transactions; Personal Trading

As general partners, limited partners and/or managing members of the general partners of each of the Spectrum Funds, related persons of SEM (including certain employees) have indirect beneficial interests in the securities owned by the Spectrum Funds and will share in any profits and losses generated by the Spectrum Funds' investments. Moreover, in certain situations, related persons of SEM may purchase interests in the same portfolio investments held by one or more Spectrum Funds. All such transactions are subject to compliance with SEM's Code of Ethics as described above. Any access person who has or acquires ownership of an issuer through a private placement (excluding any indirect investment in an issuer via a direct or

indirect interest in a Spectrum Fund) must affirmatively disclose that interest to the CCO if such access person is involved in considering or determining any subsequent investment decision regarding an investment by a Spectrum Fund in any security of that issuer or an affiliate.

SEM and/or certain related persons of SEM may, on rare occasions, directly or through one or more entities, sell securities in which they have a direct or indirect ownership interest to certain Spectrum Funds in connection with certain “warehousing” transactions, provided that the sale is consistent with SEM’s fiduciary obligations to the Spectrum Funds. Such transactions will be fully disclosed and the written consent of the appropriate Spectrum Fund (which, in certain circumstances, may be provided by the Spectrum Fund’s advisory committee) will be obtained prior to the consummation of any such transactions in accordance with Section 206(3) of the Advisers Act to the extent that such transactions constitute “principal transactions” under Section 206(3).

Moreover, SEM expects to cause certain Spectrum Funds (including Select Opportunities Funds) to engage in “cross transactions” via the purchase or acquisition of a security from, or the sale or transfer of a security to, another Spectrum Fund, provided that such transaction is consistent with the provisions of the applicable Governing Documents and SEM’s fiduciary obligations to each Spectrum Fund participating in the cross transaction.

While SEM endeavors at all times to act in the best interests of the Spectrum Funds, investors should be aware that such transactions create a potential conflict of interest.

Item 12 - Brokerage Practices

Discretionary Brokerage

The Spectrum Funds invest primarily in private equity investments, although they may acquire, sell or distribute public securities on occasion (for example, where a Spectrum Fund receives shares of a company as part of a general distribution or initial public offering). Subject to the investment objectives, policies and restrictions of each Spectrum Fund, as set forth in such Spectrum Fund’s Governing Documents, SEM will generally have discretionary authority to select the broker or dealer to be used to execute transactions in securities on behalf of the Spectrum Funds and negotiate the commission cost to be paid.

In selecting brokers, SEM’s primary consideration will be to obtain the most favorable net result for the Spectrum Funds under the circumstances, which may not involve the lowest possible commission cost. In selecting broker-dealers to effect securities transactions, SEM seeks to obtain best execution by considering factors including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by each broker, the broker’s execution abilities, commission rates, and financial responsibility and responsiveness.

The applicability of specific criteria will vary depending upon the nature of the transaction, the market in which it is executed, and the extent to which it is possible to select from among multiple brokers or dealers.

Research and Soft Dollar Benefits

SEM does not engage in soft dollar arrangements with respect to securities transactions for the Spectrum Funds.

Any research services and/or other products or services that are provided to SEM by brokers and dealers may be used for the benefit of all clients of SEM and do not necessarily benefit solely the Spectrum Fund from which the commissions were generated. The receipt of research and/or other products or services is not directly connected to the recommendation of brokerage services to the Spectrum Funds, but does create a potential conflict of interest of which investors should be aware in assessing SEM's choice of broker-dealers.

Service SEM Providers and Client Referrals

Subject to SEM's obligation to seek best execution of all transactions for its clients, SEM may consider referrals of investors in determining its selection of third party service providers. Accordingly, SEM may have an incentive to select or recommend a broker-dealer or other service provider based on its interest in receiving investor referrals. Any such determinations will be made in accordance with SEM's fiduciary obligations to the Spectrum Funds and SEM's compliance policies and procedures.

Trade Aggregation

Although SEM does not often trade in public securities, in such circumstances where more than one Spectrum Fund is either selling or buying the same type of security, SEM will, to the extent possible, generally place a combined order for the Spectrum Funds engaged in the purchase or sale of the same security if, in its good faith determination, joint execution would be consistent with its duty to seek best execution, consistent with the terms of the participating Spectrum Funds' Governing Documents, and otherwise in the best interest of the Spectrum Funds.

Item 13 - Review of Accounts

Review of Client Accounts

SEM will continuously monitor portfolio investments on behalf of the Spectrum Funds. Investments are reviewed in the context of each Spectrum Fund's stated investment objectives and guidelines as set forth in the Governing Documents of each Spectrum Fund. Members of the Investment Committee meet regularly to determine and review overall investment objectives, risk tolerance and other information relevant to the Spectrum Funds.

Reports to Clients

The general partners of each Spectrum Fund distribute quarterly and annual written reports to their respective limited partners. Annual reports generally contain an individual capital account statement as of the end of such fiscal year, a listing of investments held by the Spectrum Fund and the audited financial statements of the Spectrum Fund. The quarterly reports generally contain unaudited financial statements of the Spectrum Fund for the fiscal quarter.

Investors are requested to refer to the Governing Documents of each Spectrum Fund for further information on the reports provided by a particular Spectrum Fund to its investors.

Item 14 - Client Referrals and Other Compensation

Economic Benefits Received from Third Parties

From time to time, in connection with investments made by certain Spectrum Funds, SEM or its affiliates or supervised persons may receive director's fees, consulting fees, "break-up" fees, investment banking fees, monitoring fees, termination and divestment fees or other similar fees or remuneration paid in cash or in kind from portfolio companies in which one or more of the Spectrum Funds may invest or propose to invest. To mitigate potential conflicts of interest, SEM will generally offset such benefits against advisory fees payable by the applicable Spectrum Fund or otherwise remit such benefits to the limited partners of such Spectrum Fund in accordance with such Spectrum Fund's Governing Documents. As described above, SEM from time to time engages Third-Party Consultants and Advisors that may provide financial and other professional services to third parties, including to Spectrum Fund portfolio companies. Any remuneration paid to such Third-Party Consultants and Advisors by Spectrum Fund portfolio companies generally will not offset the advisory fees payable to SEM and its affiliated entities by the applicable Spectrum Fund pursuant to such Spectrum Fund's Governing Documents. Accordingly, the Spectrum Funds and their investors do not benefit from any such remuneration paid by Spectrum Fund portfolio companies to such Third-Party Consultants and Advisors. Investors are requested to refer to the Governing Documents of each of the Spectrum Funds for complete information on the additional compensation received by SEM or its affiliates or supervised persons in connection with a particular Spectrum Fund's investments and the amount of the applicable advisory fee offset.

Third Party Compensation for Client Referrals

SEM and related entities of SEM may enter into cash compensation arrangements with unaffiliated placement agents or other third parties for introducing investors to a Spectrum Fund. Any sales charge associated therewith will ultimately be payable by SEM and/or its related entities, either directly or through an offset of the advisory

fee payable by the relevant Spectrum Fund to SEM. An investor will not bear any additional charges as a result of an introduction through a placement agent or other unaffiliated third party. Moreover, as described above, SEM may consider referrals of investors to the Spectrum Funds in determining its selection of third party service providers.

SEM endeavors at all times to put the interests of the Spectrum Funds first as part of SEM's fiduciary duty. Nevertheless, the receipt of compensation by the placement agents creates a potential conflict of interest, and may affect the judgment of placement agents when making referrals to SEM and the Spectrum Funds.

Item 15 - Custody

SEM will not have physical possession of any client assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, SEM will generally be deemed to have custody of the assets of the Spectrum Funds as a result of its position as an affiliate of the general partner of each Spectrum Fund.

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

Item 16 - Investment Discretion

Subject to the investment objectives, policies and restrictions applicable to each Spectrum Fund as set forth in the Governing Documents of such Spectrum Fund, SEM or an affiliate thereof has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of each Spectrum Fund. The general partner of each Spectrum Fund is provided with this authority pursuant to a limited power of attorney granted via the applicable Governing Documents.

The terms upon which SEM serves as an investment manager with respect to any Spectrum Fund are established at the time that such Spectrum Fund is formed and generally are set forth in such Spectrum Fund's Governing Documents. SEM's investment advice is provided to the Spectrum Funds and their respective general partners and not to investors in the Spectrum Funds individually. SEM is not required to, and generally does not, contact investors in the Spectrum Funds prior to transacting any business for the Spectrum Funds.

Item 17 - Voting Client Securities

Because SEM has, or will accept, authority to vote securities held by a Spectrum Fund, it has adopted policies and procedures (the “Proxy Voting Policies and Procedures”) that have been designed to ensure that SEM complies with the requirements of the Advisers Act and reflect SEM’s commitment to vote all client securities for which it exercises voting authority in a manner consistent with the best interest of the Spectrum Funds.

When exercising its voting authority over client securities, SEM considers all relevant information, evaluates other issues that could have an impact on the value of the security and votes with a view toward maximizing overall value. SEM votes all proxies in a prudent manner, considering the prevailing circumstances at such time and in a manner consistent with the Proxy Voting Policies and Procedures and SEM’s fiduciary duties to the Spectrum Funds.

SEM reviews each proposal submitted for a vote on a case-by-case basis to determine whether it is in the best interest of the applicable Spectrum Fund. As a result, depending on the Spectrum Fund’s particular circumstances, SEM may vote one Spectrum Fund’s securities differently than it votes those of another Spectrum Fund, or may vote differently on various proposals, even though the securities or proposals are similar (or identical). In some instances, SEM may determine that it is in a Spectrum Fund’s best interest for SEM to “abstain” from voting or not to vote at all, and will do so accordingly.

Prior to exercising its voting authority, SEM, in consultation with the CCO, inside and outside counsel, as appropriate, reviews the relevant facts and determines whether or not a material conflict of interest may arise due to business, personal or family relationships of SEM, its owners, its employees or its related persons, with persons having an interest in the outcome of the vote. If a material conflict exists, SEM takes steps to ensure that its voting decision is based on the best interests of the applicable Spectrum Funds and is not a product of the conflict. SEM may, at its discretion, (A) seek the advice of the applicable advisory committee in voting such security (if any); (B) disclose the conflict of interest to the limited partners of the Spectrum Fund and defer to the Spectrum Fund’s voting recommendation; (C) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (D) take such other action in good faith (in consultation with SEM’s inside or outside counsel) which would serve the best interest of the Spectrum Fund. Depending on the particular circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

SEM will deliver to each limited partner of a Spectrum Fund, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted proxies for the applicable Spectrum Fund.

Item 18 - Financial Information

SEM has no financial commitment that impairs its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.

SPECTRUM EQUITY

Spectrum Equity Management, Inc.

**Form ADV Part 2B
Brochure Supplements**

Christopher T. Mitchell

ONE INTERNATIONAL PLACE
35TH FLOOR
BOSTON, MA 02110
TELEPHONE: 617.464.4600

March 30, 2023

This brochure supplement provides information about Christopher T. Mitchell (the "Supervised Person") that supplements the brochure of Spectrum Equity Management, Inc. (referred to herein as "Spectrum"). You should have received a copy of that brochure. Please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com if you did not receive Spectrum's brochure or if you have any questions about the contents of this supplement.

Item 2 - Educational Background and Business Experience

Name:	Christopher T. Mitchell
Year of Birth:	1971
Education:	Princeton University, A.B., 1993
Business Background:	Spectrum Equity Management, Inc., 2001-Present Managing Director

Item 3 - Disciplinary Information

The Supervised Person has not been subject to any material legal event required to be disclosed in response to this item.

Item 4 - Other Business Activities

The Supervised Person is not actively engaged in any investment-related business or occupation other than Spectrum.

Item 5 - Additional Compensation

The Supervised Person does not receive any economic benefit for providing advisory services from persons who are not clients of Spectrum.

Item 6 – Supervision

Not applicable for the Supervised Person, who is a Managing Director of Spectrum. Nevertheless, all Spectrum personnel are subject to Spectrum's compliance policies and procedures.

Victor E. Parker

140 NEW MONTGOMERY STREET
20TH FLOOR
SAN FRANCISCO, CA 94105
TELEPHONE: 415.464.4600

March 30, 2023

This brochure supplement provides information about Victor E. Parker (the "Supervised Person") that supplements the brochure of Spectrum Equity Management, Inc. (referred to herein as "Spectrum"). You should have received a copy of that brochure. Please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com if you did not receive Spectrum's brochure or if you have any questions about the contents of this supplement.

Item 2 - Educational Background and Business Experience

Name:	Victor E. Parker
Year of Birth:	1969
Education:	Stanford Graduate School of Business, M.B.A., 1998 Dartmouth College, B.A., 1991
Business Background:	Spectrum Equity Management, Inc., 1998-Present Managing Director

Item 3 - Disciplinary Information

The Supervised Person has not been subject to any material legal event required to be disclosed in response to this item.

Item 4 - Other Business Activities

The Supervised Person is not actively engaged in any investment-related business or occupation other than Spectrum.

Item 5 - Additional Compensation

The Supervised Person does not receive any economic benefit for providing advisory services from persons who are not clients of Spectrum.

Item 6 – Supervision

Not applicable for the Supervised Person, who is a Managing Director of Spectrum. Nevertheless, all Spectrum personnel are subject to Spectrum's compliance policies and procedures.

Benjamin C. Spero

140 NEW MONTGOMERY STREET
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SAN FRANCISCO, CA 94105
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March 30, 2023

This brochure supplement provides information about Benjamin C. Spero (the "Supervised Person") that supplements the brochure of Spectrum Equity Management, Inc. (referred to herein as "Spectrum"). You should have received a copy of that brochure. Please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com if you did not receive Spectrum's brochure or if you have any questions about the contents of this supplement.

Item 2 - Educational Background and Business Experience

Name:	Benjamin C. Spero
Year of Birth:	1975
Education:	Duke University, A.B., 1997
Business Background:	Spectrum Equity Management, Inc., 2000-Present Managing Director

Item 3 - Disciplinary Information

The Supervised Person has not been subject to any material legal event required to be disclosed in response to this item.

Item 4 - Other Business Activities

The Supervised Person is not actively engaged in any investment-related business or occupation other than Spectrum.

Item 5 - Additional Compensation

The Supervised Person does not receive any economic benefit for providing advisory services from persons who are not clients of Spectrum.

Item 6 – Supervision

Not applicable for the Supervised Person, who is a Managing Director of Spectrum. Nevertheless, all Spectrum personnel are subject to Spectrum's compliance policies and procedures.

Stephen M. LeSieur

140 NEW MONTGOMERY STREET
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SAN FRANCISCO, CA 94105
TELEPHONE: 415.464.4600

March 30, 2023

This brochure supplement provides information about Stephen M. LeSieur (the "Supervised Person") that supplements the brochure of Spectrum Equity Management, Inc. (referred to herein as "Spectrum"). You should have received a copy of that brochure. Please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com if you did not receive Spectrum's brochure or if you have any questions about the contents of this supplement.

Item 2 - Educational Background and Business Experience

Name:	Stephen M. LeSieur
Year of Birth:	1973
Education:	Princeton University, B.A., 1997 The Tuck School of Business at Dartmouth, M.B.A, 2005
Business Background:	Spectrum Equity Management, Inc., 2005-present Managing Director

Item 3 - Disciplinary Information

The Supervised Person has not been subject to any material legal event required to be disclosed in response to this item.

Item 4 - Other Business Activities

The Supervised Person is not actively engaged in any investment-related business or occupation other than Spectrum.

Item 5 - Additional Compensation

The Supervised Person does not receive any economic benefit for providing advisory services from persons who are not clients of Spectrum.

Item 6 – Supervision

Not applicable for the Supervised Person, who is a Managing Director of Spectrum. Nevertheless, all Spectrum personnel are subject to Spectrum's compliance policies and procedures.

Brian M. Regan

140 NEW MONTGOMERY STREET
20TH FLOOR
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TELEPHONE: 415.464.4600

March 30, 2023

This brochure supplement provides information about Brian M. Regan (the "Supervised Person") that supplements the brochure of Spectrum Equity Management, Inc. (referred to herein as "Spectrum"). You should have received a copy of that brochure. Please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com if you did not receive Spectrum's brochure or if you have any questions about the contents of this supplement.

Item 2 - Educational Background and Business Experience

Name: Brian M. Regan

Year of Birth: 1971

Education: Bucknell University, BS 1993

Business Background: Spectrum Equity Management, Inc., 2015 - present
Managing Director, Chief Financial Officer

Shutterfly, Inc.
Chief Financial Officer and SVP, 2012 – 2015

Next Tag / Wize Commerce, 2010 – 2012
Chief Financial Officer

Ticketmaster, Inc.
Chief Financial Officer & EVP, 2008-2010

Item 3 - Disciplinary Information

The Supervised Person has not been subject to any material legal event required to be disclosed in response to this item.

Item 4 - Other Business Activities

The Supervised Person is an Independent Member of the Board of Directors of Demand Media, Inc. (DMD: NYSE) and serves as Director, Chairman of Nominating & Corporate Governance Committee and Member of Compensation Committee.

The Supervised person is not actively engaged in any other investment-related business or occupation other than Spectrum.

Item 5 - Additional Compensation

The Supervised Person does not receive any economic benefit for providing advisory services from persons who are not clients of Spectrum. In addition, the Supervised Person is not compensated for his activities relating to service provided to Demand Media, Inc.

Item 6 – Supervision

Not applicable for the Supervised Person, who is a Managing Director of Spectrum. Nevertheless, all Spectrum personnel are subject to Spectrum's compliance policies and procedures.

Carolina A. Picazo

140 NEW MONTGOMERY STREET
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SAN FRANCISCO, CA 94105
TELEPHONE: 415.464.4600

March 30, 2023

This brochure supplement provides information about Carolina A. Picazo (the "Supervised Person") that supplements the brochure of Spectrum Equity Management, Inc. (referred to herein as "Spectrum"). You should have received a copy of that brochure. Please contact us at 415.464.4600 or via email at Carolina@spectrumequity.com if you did not receive Spectrum's brochure or if you have any questions about the contents of this supplement.

Item 2 - Educational Background and Business Experience

Name: Carolina A. Picazo

Year of Birth: 1968

Education: Golden Gate University, M.S., 1995
University of California, Berkeley, B.S. 1990

Business Background: Spectrum Equity Management, Inc., 2005-present
Chief Administrative Officer, Chief Compliance
Officer & Corporate Secretary

Deloitte & Touche LLP, 1990-2005
Managing Director

Item 3 - Disciplinary Information

The Supervised Person has not been subject to any material legal event required to be disclosed in response to this item.

Item 4 - Other Business Activities

The Supervised Person is not actively engaged in any investment-related business or occupation other than Spectrum.

Item 5 - Additional Compensation

The Supervised Person does not receive any economic benefit for providing advisory services from persons who are not clients of Spectrum.

Item 6 – Supervision

The Supervised Person is monitored by the Managing Directors of Spectrum as a group.