



K1 Investment Management, LLC

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This brochure (the “Brochure”) provides information about the qualifications and business practices of K1 Investment Management, LLC. If you have any questions about the contents of this Brochure, please contact us at info@k1capital.com or 800-310-2870. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state of securities authority.

K1 Investment Management, LLC is an investment adviser registered with the SEC under the Investment Advisers



Act of 1940, as amended (the “IAA”). Registration with the SEC as an investment adviser does not imply a certain level of skill or training.

Additional information about K1 Investment Management, LLC. is also available on the SEC’s website at www.adviserinfo.sec.gov.



Item 2. Material Changes

K1 Investment Management, LLC (the “Manager”) filed its most recent Form ADV Part 2 on March 30, 2022. This annual amendment updates the description of the business practices of the Manager and its affiliates and updates disclosure regarding risks and potential conflicts of interest.

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Item 4. Advisory Business

K1 Investment Management, LLC (the “Manager”) provides investment advice to pooled investment vehicles that are privately offered to qualified investors in the United States and elsewhere. The Manager commenced operations in November 2010 and is principally owned by R. Neil Malik. The Manager’s clients include the following (together with any pooled investment vehicles advised by the Manager in the future, the “Funds,” individually a “Fund” or the “Client”):

- K1 Private Investors, L.P.
- K1 Private Investors (A), L.P.
- K1 Special Opportunities Fund, L.P.
- K2 Private Investors, L.P.
- K3 Private Investors, L.P.
- K4 Private Investors, L.P.
- K5 Private Investors, L.P.
- Karakoram Fund I, L.P.
- Karakoram Fund C, L.P.

The following entities (each a “General Partner” and collectively, together with any future affiliated general partner entities, the Manager and its affiliates, “K1” or the “Management Company”) are affiliated with the Manager:

- K1 Capital Advisors, LLC
- K1 Special Opportunities Fund GP, L.P.
- K2 Capital Advisors, L.P.
- K3 Capital Advisors, L.P.
- K4 Capital Advisors, L.P.
- K5 Capital Advisors, L.P.
- Karakoram GP, L.P.
- K6 Capital Advisors, L.P.

Each General Partner is subject to the IAA pursuant to the Manager’s registration in accordance with SEC guidance. This brochure also describes the business practices of the General Partners, which operate as a single advisory business together with the Manager.

The Funds are exempt from registration under the Investment Company Act of 1940, as amended, and the rules and regulations promulgated thereunder (the “IC Act”). The Funds generally invest through negotiated transactions primarily in private operating companies which generally consist of private software and related technology companies in the United States (“portfolio companies”). Investments are made predominantly in non-public companies, although investments in public companies are permitted in certain instances. From time to time, the senior principals or other personnel or appointees of K1 serve on the boards of directors (or other governing bodies) of such portfolio companies held by the Funds or otherwise act to influence control over management of portfolio companies. In addition to investment advice provided to its clients, K1’s services also include managing and monitoring portfolio company investments.

K1’s advisory services for each Fund are detailed in the relevant offering memorandum (each, a “Memorandum”) and limited partnership agreement or other governing documents (each, a “Limited Partnership Agreement” and together with the Memorandum and any other governing documents, the “Governing Documents”) and are further described below under Item 8 “Methods of Analysis, Investment Strategies and Risk of Loss.” K1’s investment advisory services to the Funds consist of identifying and evaluating investment opportunities, negotiating the terms of



investments, and ultimately selling such investments.

Investors in the Funds (generally referred to herein as “investors” or “limited partners”) participate in the overall investment program for the applicable Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between the Manager and any investor. The Funds or K1 have entered into side letters or similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights (including economic or other terms) under, or altering or supplementing a Fund’s Limited Partnership Agreement with respect to such investors.

Additionally, from time to time and as permitted by the Governing Documents, K1 expects to provide (or agree to provide) investment or co-investment opportunities (including the opportunity to participate in co-invest vehicles) to certain investors or other persons as described below. Such co-investments typically involve investment and disposal of current or prospective interests in the applicable portfolio company on the same terms as the Fund making the investment. However, from time to time, for strategic and other reasons, a co-investor or co-invest vehicle (including K1 Special Opportunities Fund, L.P.) purchases a portion of an investment from one or more Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund investor capital contributions and/or use of a Fund credit facility. Any such purchase from a Fund by a co-investor or co-invest vehicle generally occurs shortly after the Fund’s completion of the investment to avoid any changes in valuation of the investment, but in certain instances could be well after the Fund’s initial purchase. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility. Where appropriate, and in K1’s sole discretion, K1 reserves the right to charge interest on the purchase to the co-investor or co-invest vehicle (or otherwise equitably to adjust the purchase price under certain conditions) and to seek reimbursement to the relevant Fund for related costs. However, to the extent such amounts are not so charged or reimbursed, they generally will be borne by the relevant Fund.

As of December 31, 2022, K1 managed approximately \$13,137,131,367 in client assets on a discretionary basis.

Item 5. Fees and Compensation

In general, K1 receives a management fee and a carried interest in connection with advisory services. The Manager or other K1 entities or affiliates receive additional compensation in connection with management and other services performed for portfolio companies of the Funds and certain of such additional compensation will offset in whole or in part the management fees otherwise payable to K1 as described below. Investors in a Fund also bear certain expenses. A summary of each Fund’s fees and expenses follows, but investors should review the Governing Documents for details regarding that Fund’s fee structure and expenses. Undefined terms not defined in this Brochure are defined in the applicable Limited Partnership Agreement.

Management Fees

K1 receives an annual management fee (the “Management Fee”) from each Fund, the terms of which differ from Fund to Fund but are generally 2% of aggregate investor commitments during the Fund’s investment period, and thereafter 2% of (i) the aggregate investment contributions (including for bridge financings), plus (ii) the aggregate amount of commitments reserved for pending investments, plus, (iii) any borrowings made in anticipation or in lieu of the investors making investment contributions, less (iv) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written down. With respect to K1 Special Opportunities Fund, L.P. the Management Fee is equal to 1.5% of the calculation specified in (i) through (iv) above, and with respect to Karakoram Fund C, the Management Fee is equal to 0.65% of the calculation specified in (i), (iii) and (iv) above. Management Fees are payable semi-annually, partially in advance and in arrears. Fees are



deducted from the account of each Fund. The Management Fee generally will be reduced upon the occurrence of certain events as described in the Governing Documents and discussed below. K1 has the discretion to waive all or a portion of its Management Fee with respect to certain investors in its discretion. For example, certain investors associated with K1 or its affiliates are subject to a lower Management Fee than other limited partners. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors. The Manager reserves the right to make any such exemption from fees (and/or carried interest) by a direct exemption, a rebate by K1 or through other Funds or vehicles which co-invest with a Fund.

The Management Fee generally commences as of the effective date for a Fund based on aggregate commitments, regardless of when a limited partner is actually admitted. Limited partners participating in a subsequent closing after the initial closing date are assessed Management Fees retroactive to the effective date of a Fund as if such limited partner was admitted for its full commitment on the effective date and, in addition, will be charged interest as set forth in the Governing Documents. Any such amounts will be paid to the Fund's General Partner. The Management Fee will be paid out of current income and investment proceeds of the Fund and/or, in the General Partner's discretion, from drawdowns that will reduce unfunded commitments and/or borrowings under the Fund subscription line (credit facility).

The Governing Documents provide that a Fund's Management Fees will be calculated and charged on a basis that generally is not tied to the Fund's then-current net asset value. As further specified in the Governing Documents, from the effective date of the relevant Fund until a date specified in the Governing Documents (generally representing the earlier of the end of the Fund's defined investment period and the date the relevant General Partner (or an affiliate thereof) first begins receiving or accruing management fees from another Fund meeting certain criteria) (the "Stepdown Date"), Management Fees generally will be charged based on a formula tied to the amount of the relevant Fund's aggregate commitments. Further, after the Stepdown Date, Management Fees generally will be charged and calculated based on a formula tied to the amount of investment contributions (and other amounts as set forth above) made by the relevant Fund that have not been realized or permanently written down.

Under the Governing Documents, where the fair market value of an investment exceeds the total amount of investment contributions relating to such investment, post-Stepdown Date Management Fees will not be calculated based upon such appreciated value, and will instead continue to be calculated based on the amount of such investment contributions. However, where there has been a partial distribution, partial write down or partial sale of an investment and the fair market value of such investment following such event exceeds the total amount of investment contributions relating to such investment, the Governing Documents do not require Management Fees after the Stepdown Date to be reduced.

As a result, the amount of Management Fees generally will not correspond with fluctuations in the Fund's net asset value, including following the investment period, and will not be reduced in connection with any write downs (other than permanent write downs). Except where the Governing Documents expressly provide to the contrary, Management Fees will not be reduced (in whole or in part) in the case of partial distributions (e.g., those resulting from a dividend recapitalization) or partial sales of investments.

In many circumstances, the fair value component of such post-Stepdown Date Management Fees will include capitalized transaction-specific expenses of unrealized investments. Further, Management Fees generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or partial write-downs that occur partway through the relevant calculation period.

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



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

Other Fees and Management Fee Offsets

Subject to the Governing Documents, K1 is permitted to receive directors' fees, monitoring fees, advisory fees, transaction fees and break-up fees and certain other fees that are paid by any portfolio company. The Management Fees are generally reduced by all or a portion of such fees to the extent specified in the relevant Fund's Governing Documents and any remaining amounts will be retained by K1. Notwithstanding the foregoing, Management Fees generally are not reduced with respect to any amount received by the General Partner, K1 Operations (as defined below) or other person from a portfolio company as reimbursement for expenses directly related from a portfolio company, as payment for services provided to any portfolio company in the ordinary course of such portfolio company's business, as compensation for services provided by the General Partner or other person as an employee of or in a similar capacity for such portfolio company or any fees, incentive equity or other stock awards and expenses in connection with services rendered by K1 Operations or the Management Advisory Board (each as defined below). To the extent that any other Fund or any other entity or individual co-invests alongside a Fund in any portfolio company investment, portfolio company related fees retained by K1 that are generally subject to the Management Fee reduction described above will be allocated among such Fund and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, a Fund will, in most cases, only benefit with respect to its allocable portion on a fully diluted basis of any such fees and not the portion of any fee allocable to General Partner or "affiliated partner" commitments or that relate to any other investor or potential investor (including co-investors) in a portfolio company, which have the potential to be significant. Management Fee reduction, as described above, generally is performed on a net basis, after giving effect to taxes and other expenses in connection with the receipt of such fees or the provision of related services, and to the extent any fees which generate a Management Fee reduction are paid in kind (including through securities, option grants or other interests), K1 is permitted to calculate the amount of offset based on the then-current value of the in-kind payment, rather than the ultimate value of the interests as of a future date. The General Partners reserve the right to elect to waive a portion of the Management Fee in exchange for a reduction in the General Partners' cash capital contribution obligation and/or a corresponding interest in Fund profits. Waived or reduced Management Fees are not subject to the Management Fee offsets described above, and the amount of such waived or reduced Management Fees has the potential to be significant. Due to waived or reduced Management Fees by the Management Company and/or timing of receipt of compensation subject to offsets (as described above), it is possible that Management Fee offsets will not be fully realized by investors in the Funds, resulting in a net additional benefit to the Management Company.

Carried Interest

The General Partners generally are entitled to a carried interest from the respective Funds equal to 20% of all realized profits (15% with respect to K1 Special Opportunities Fund, L.P.; and a tiered structure of 15% to 25% based on performance hurdles with respect to Karakoram Fund C subject to a specified preferred return with a related General Partner catch-up provision, as more fully described in the Governing Documents. The carried interest distributed to the General Partners is subject to a potential clawback or giveback at the end of the life of a Fund if the General Partner has received excess cumulative distributions.

K1 has the authority to waive all or a portion of carried interest with respect to certain investors, including investors associated with K1 or its affiliates.

Other Fees and Expenses

In addition to Management Fees and carried interest, the Funds pay, and ultimately investors bear, other types of fees and expenses as set forth more fully in the Governing Documents. K1 retains flexibility to structure its compensation from investors and expects in certain circumstances to agree to invoice an investor directly for Management Fees or other compensation, rather than deducting such amounts from the investor's capital account(s).



The Funds reimburse the General Partners for the Funds' and affiliated entities' organizational and startup expenses including legal, travel, accounting, filing, printing, capital raising, and other organizational expenses. The General Partners generally bear the cost (through an offset against the Management Fee or otherwise) of all organizational expenses in excess of certain limits disclosed in the Governing Documents and any placement fees in connection with the formation of the Funds.

The Funds pay all of the fees, costs, expenses, liabilities and obligations relating to their and/or their subsidiaries' and intermediate entities' activities, investments and business (to the extent not borne or reimbursed by a portfolio company or applied to reduce Management Fees), including all costs, expenses, liabilities and obligations attributable to structuring, organizing, acquiring, financing, diligence, managing, operating, holding, taking public or private, valuing, winding up, liquidating, dissolving and disposing of a Fund's actual and potential investments (including indebtedness of, or guarantees made by, a Fund or K1 on behalf of a Fund (including any credit facility or credit support), including interest and origination fees with respect thereto, and registration expenses and commitment, brokerage, finders', custodial and other fees); legal, accounting, third-party administration, reporting software, custodian, depository, foreign representatives and paying agents, auditing, insurance (including directors and officers and errors and omissions and liability insurance), travel, meal, litigation and indemnification costs and expenses, judgments and settlements, consulting, brokerage, finders', private placement, financing, valuation, appraisal, filing, printing, title, transfer, registration and other fees and expenses (including expenses associated with the preparation or distribution of a Fund's financial statements, tax returns, tax estimates and Schedule K-1s or any other administrative, regulatory or other Fund-related reporting or filing or compliance (including Form PF)); all out of pocket fees and expenses incurred in connection with the registration of the Management Company and/or any of its affiliates as an exempt reporting adviser and/or a registered investment adviser under the IAA (to the extent specified in certain Funds' Limited Partnership Agreements); fees and expenses of a Fund's limited partner advisory board ("Advisory Board") and the Management Advisory Board (as defined below); all costs, expenses, liabilities and obligations incurred by a Fund, its General Partner or any other K1 person relating to investment and disposition opportunities for such Fund not consummated (including legal, accounting, auditing, insurance, travel, meal, consulting, brokerage, finders', financing, valuation, appraisal, filing, printing, real estate title, survey, reverse breakup, termination, break-up or topping fees and other fees and expenses); all fees and out-of-pocket expenses of, and compensation (including salaries, consulting and retainer fees and other similar compensation) paid to, K1 Operations or any member thereof; all out-of-pocket fees and expenses incurred by a Fund, its General Partner or any other K1 person in connection with the annual and other periodic (if any) meetings of Fund limited partners and any other conference or meeting with any limited partner(s) or by or amongst officers, executives or senior management of portfolio companies; Management Fees; any taxes, fees and other governmental charges levied against, and any audit or review of, a Fund (except to the extent that such Fund is reimbursed therefor or such tax, fee or charge is treated as having been distributed to such Fund's partners); any private placement or finders' fees paid by a Fund to third-parties in connection with the organization or funding of such Fund; costs and expenses that are classified as extraordinary expenses under U.S. generally accepted accounting principles; all costs and expenses incurred in connection with the organization, management, operation and dissolution, liquidation and final winding-up of any alternative investment vehicles; and other organizational expenses in excess of certain caps (if any) applicable to the Funds.

The Funds also bear expenses indirectly to the extent a portfolio company (or intermediate entity) pays expenses, including the expenses of K1 and/or its affiliates, including, where applicable, third-party expenses incurred in connection with consummated transactions; the relative percentage of these expenses that are borne by various stakeholders (including the relevant Fund, any co-investors, portfolio company management and other persons) is expected to depend upon the level at which such expenses are charged or incurred. Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities and obligations of legal counsel, consultants and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships, agreements or arrangements relating to the foregoing items, which generally are expected to be significant. In certain cases, these or similar expenses are expected to be charged to portfolio companies, capitalized



into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. Each Fund also generally will bear the costs of implementing, recovering (as applicable), monitoring and complying with investment guidelines and directives relating to the Fund's strategy, including in Side Letters relating thereto, and (where applicable) environmental, social, governance (ESG) and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests.

The Funds generally intend to invest on a long-term basis. Accordingly, the Management Fee and other fees are expected to be paid over the terms of the Funds, and investors generally are not permitted to withdraw or redeem interests in the Funds.

As discussed above, the General Partners have in the past, and in the future expect to, permit certain investors to co-invest in portfolio companies alongside one or more of the Funds. Where a co-investment vehicle is formed, such entity generally is expected to bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or otherwise would be beneficial, in the judgment of the relevant General Partner, ultimately is not consummated, all fees, expenses or other liabilities or obligations relating to such proposed transactions generally will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transactions.

The Management Company and/or its affiliates have discretion over whether to charge transaction fees, monitoring fees or other compensation to a portfolio company and the rate, timing, method and/or amount of such compensation, as well as to charge such amounts at varying levels in a portfolio company's holding or operating structure.

In most circumstances, such compensation is not reviewed or approved by an independent third party. The receipt of such compensation gives rise to potential conflicts of interest between the Funds, on the one hand, and the Management Company and/or its affiliates on the other hand. K1's compensation from these sources is subject to agreements with buyers, sellers and management teams as well as the review and supervision of the board of directors of portfolio companies which helps to mitigate this conflict of interest.

Please refer to the Governing Documents for a complete description of the fees and expenses paid by the Funds. As is typical for private equity funds, the Funds likely bear additional and greater expenses, directly or indirectly, than many other pooled investment products, such as mutual funds, and there can be no assurance that the benefits to investors will be commensurate with such expenses. To the extent brokerage fees are incurred, they will be incurred in accordance with the general practices set forth in "Brokerage Practices."

K1 Operations and Other Consultants

As described in this Brochure and in the Governing Documents, it is the Management Company's practice to retain certain consultants including K1 Operations, LLC ("K1 Operations"), its dedicated operational consulting affiliate, and/or the "Management Advisory Board" (a board of experienced industry professionals selected by K1 but unaffiliated with K1, with which K1 consults from time to time) to provide services to (or with respect to) one or more Funds or certain current or prospective portfolio companies in which one or more of the Funds invest. K1 Operations, the Management Advisory Board and other consultants generally provide services as described in Item 11 Code of Ethics, Participation or Interest in Client Transactions and Personal Trading—K1 Operations and Certain Consultants." K1 Operations, the Management Advisory Board and other consultants generally charge the Funds or their portfolio companies for such services and for any related out-of-pocket expenses. Such compensation and expenses will not offset or reduce the Management Fee and are not otherwise covered by the Management Fee. The use of K1 Operations, the Management Advisory Board and other consultants subjects the Management Company to potential



conflicts of interest, as discussed under Item 11.

Item 6. Performance-Based Fees and Side-By-Side Management

As described under Item 5 “Fees and Compensation” the General Partners receive a carried interest allocation on certain realized profits in the Funds.

K1 does not currently manage client accounts that are not charged a performance fee, although it generally has the ability to waive carried interest with respect to certain limited partners as described above.

Additionally, to the extent that K1 has Funds with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or K1 personnel are assigned varying percentages of carried interest from the Funds, K1 and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage.

K1 seeks to address the potential for conflicts of interest in these matters with allocation policies and/or practices that provide that transactions and investment opportunities will be allocated to the Funds in accordance with each Fund’s investment guidelines and Governing Documents, as well as other factors that do not include the amount of performance-based compensation received by K1 or any personnel.

The existence of performance-based compensation has the potential to create an incentive for a General Partner to make more speculative investments on behalf of a Fund than it would otherwise make in the absence of such arrangement, although K1 generally considers performance-based compensation to serve to align its interests with those of investors in the Funds, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund’s life or at certain interim intervals.

Item 7. Types of Clients

K1 provides investment advice solely to its Fund clients, and references throughout this Brochure to “clients” and to K1’s related duties to and practices on behalf of its clients and/or investors should be construed accordingly. The Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the IC Act. K1 is also permitted to advise certain related investment vehicles that invest alongside a Fund.

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

Investors in the Funds generally include other investment entities, pension and profit-sharing plans, university foundations, family offices, insurance companies, estates or charitable organizations, banks and other financial institutions, other business entities and high net worth individuals, and include, directly or indirectly, principals or other employees of K1 and its affiliates and members of their families, K1 Operations or other service providers retained by K1, as well as portfolio company executives.

The Funds have minimum investment amounts ranging from \$250,000 to \$5 million for third-party investors. Fund interests are offered and sold only to accredited investors that are also qualified clients and, unless waived by the applicable General Partner, qualified purchasers (or qualified knowledgeable K1 personnel). K1 is generally permitted to waive such minimum investment amounts.



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

K1's investment strategy is based on the following approach:

Deal Sourcing

At the core of K1's organization is its sourcing process. K1 has built a team from the ground up with a focus on identifying enterprise software companies through its direct solicitation model. K1's sourcing team typically avoids intermediated processes and looks to contact companies that are not specifically seeking transactions or engaged in processes.

Investment Criteria

K1 seeks to maintain a disciplined focus on investments meeting well-defined investment criteria. K1 focuses on enterprise applications that provide significant value to the end customers. These applications typically have long replacement cycles and require significant time and resources to displace. K1's investment strategy is to focus on companies that, in addition to providing mission critical applications, are systems of record and hold significant amounts of data for their customers. K1 is focused on identifying companies with a majority of revenue derived from recurring subscription fees. K1 believes customers prefer these business models because of their low upfront capital expenditures while allowing software vendors to increase revenue visibility and predictability. K1 is also focused on companies that provide enterprise applications that offer significant value to their customers.

Value Creation

K1 has developed the IOps program, a library of best practices to implement at each of the portfolio companies. These best practices have been developed by the K1 Operations, LLC team in conjunction with several portfolio company executives, C-level executives the principals have worked with in the past, industry consultants and current limited partners. These best practices include tools and processes that allow K1 to implement its process-based investment strategy consistently across the portfolio.

The focus of the IOps program is to develop and grow organizations that have high performing teams, strong cultures, predictable and repeatable results and high accountability.

Managing Liquidity Events

K1's primary objective is to achieve an attractive value at exit for its portfolio companies. K1 expects to retain experienced investment banks to run broad processes that may include strategic or financial buyers as well as a public offering for its portfolio companies. There can be no assurance that the Management Company will achieve the investment objectives of any Fund and a loss of investment is possible.

Material Risks

The Funds and their investors bear the risk of loss that K1's investment strategy entails. Although the following risk factors are generally applicable to the Funds, investors should also refer to each Fund's Memorandum for risk factors specific to their Fund. The risks involved with K1's investment strategy and an investment in the Funds include, but are not limited to:

Business Risks. The Funds' investment portfolios are expected to consist primarily of securities issued by privately held unseasoned companies, and operating results in a specified period will be difficult to predict. Such investments



involve a high degree of business and financial risk that can result in substantial losses.

Future and Past Performance. The performance of K1's prior investments is not necessarily indicative of a Fund's future results. While K1 intends for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that positive returns will be achieved. On any given investment, loss of principal is possible.

Concentration of Investments. The Funds will participate in a limited number of investments and intend to make most of their investments in one industry or one industry segment or within a short period of time. As a result, the Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect their aggregate returns. Furthermore, to the extent that the capital raised is less than the targeted amount, the Funds may invest in fewer portfolio companies and thus be less diversified.

The Funds may provide interim financing ("Bridge Financing") to facilitate portfolio company investments. It is possible that all or a portion of a Bridge Financing will not be recouped within the time period specified in the Governing Documents, in which case the investment would be treated as a permanent investment of such Fund. As a result, a Fund's portfolio could become more concentrated with respect to such investment than initially expected or otherwise provided for under such Fund's investment limitations, certain of which exclude Bridge Financing investments.

Illiquidity; Lack of Current Distributions. An investment in the Funds should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. While an investment may be sold at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating the Funds (including the Management Fees payable to the General Partners) may exceed their income, thereby requiring that the difference be paid from the Funds' capital, including unfunded commitments.

Lack of Sufficient Investment Opportunities. The business of identifying, structuring and completing venture capital and private equity transactions is highly competitive and involves a high degree of uncertainty. It is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified. However, regardless of the extent to which the commitments of the limited partners are invested (or drawn down to be invested), limited partners will be required to bear Management Fees through the Funds during the Investment Periods based on the entire amount of the limited partners' commitments and other expenses as set forth in the Governing Documents.

Dynamic Investment Strategy. While the General Partners generally intend to seek attractive returns for the Funds through making venture and early stage, growth equity and/or private equity investments, as applicable, the General Partners may pursue additional investment strategies and may modify or depart from their initial investment strategy, investment process and investment techniques as they determine appropriate. The General Partners may pursue investments outside of the industries and sectors in which the principals have previously made investments or have internal operational experience.

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



extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

Early-Stage and Start-Up Investments. Certain Funds have made, and may in the future make, investments in start-up and early-stage companies and venture capital investments, that have inherently greater risk than more established businesses. Accordingly, the growth of these companies may require significant time and effort resulting in a longer investment horizon than can be expected with lower risk investment alternatives. Such investments can experience failure or substantial declines in value at any stage. There is no assurance that such investments by the Funds will be successful.

Risks Inherently Associated with Technology Companies. Technology companies often face specific risks which the Funds will necessarily also be exposed to by concentrating their investment strategy in such companies. Such risks typically include: (1) rapidly changing science and technologies; (2) new competing products and improvements in existing products which may quickly render existing products or technologies obsolete; (3) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (4) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (5) rapidly changing investor sentiments and preferences with regard to technology sector investments.

Many target portfolio companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that the Funds or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a portfolio company's technologies. Piracy may adversely affect portfolio company revenue and its impact on revenue from outside the U.S. may particularly be significant in countries where laws are less protective of intellectual property rights. The absence of harmonized patent laws makes it more difficult to ensure consistent protection of intellectual property rights. Reductions in the legal protections for software intellectual property rights could also adversely affect portfolio companies.

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

Tax Information Exchange Regimes; FATCA Withholding Tax on Certain Non-U.S. Entities. Numerous jurisdictions have enacted, or have committed to enact, legislation and administrative guidance requiring the collection and sharing of certain information in order to combat tax avoidance. The United States Foreign Account Tax Compliance Act ("FATCA") aims to combat tax evasion by U.S. tax residents using foreign accounts. It includes certain provisions on withholding taxes and requires financial institutions outside the U.S. to collect and share information about their U.S. customers. One or more of these information exchange regimes are likely to apply to the Funds and/or alternative investment vehicles, and may require the applicable General Partner to collect and share with applicable taxing authorities information concerning limited partners (including identifying information and amounts of certain income allocable or distributable to them). A limited partner's failure to provide required information may result in withholding taxes, government-imposed penalties, expulsion from the applicable Fund and/or alternative investment vehicles or other potential remedies.



Conflicting Investor Interests. Limited partners may have conflicting investment, tax, and other interests with respect to their investments in the Funds, including conflicts relating to the structuring of investment acquisitions and dispositions. Conflicts may arise in connection with decisions made by the General Partners regarding an investment that may be more beneficial to one limited partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, the General Partners generally will consider the investment and tax objectives of a Fund and its partners as a whole, not the investment, tax, or other objectives of any limited partner individually.

Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes. There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on the Funds' activities, including the ability of the Funds to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives. The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators, and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the previous downturn in the U.S. and global financial markets, may complicate or prevent the Funds' efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, the Funds may invest in fewer transactions or incur greater expenses or delays in completing or exiting investments than it otherwise would have.

In particular, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of K1 and the Funds. The SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes are expected to materially impact K1 and its affiliates, the Funds and/or their investments, as well as increasing their expenses. Significant time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Funds.

Tax Law Changes. Recent or future changes in U.S. federal income tax law could materially affect the tax consequences of a limited partner's investment in a Fund, and the tax treatment of a Fund's investments. While some of these changes could be beneficial, others could negatively affect the after-tax returns of the Funds and the limited partners. Accordingly, no assurance can be given that the currently anticipated tax treatment of an investment in a Fund, or of investments made by the Fund, will not be modified by legislative, judicial, or administrative changes, possibly with retroactive effect, to the detriment of the limited partners.

Alternative Investment Fund Managers Directive. The European Union ("EU") Alternative Investment Fund Managers Directive (the "AIFMD") regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to investors within the European Economic Area ("EEA"). If a Fund is actively marketed to investors domiciled or having their registered office in the EEA: (i) the Fund and the General Partner will be subject to certain reporting, disclosure and other compliance obligations under the AIFMD, which will result in the Fund incurring additional costs and expenses; (ii) the Fund and/or the General Partner may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Fund incurring additional costs and expenses or otherwise affect the management and operation of the Fund; (iii) the General Partner will be required to make detailed information relating to the Fund and its investments available to regulators and third-parties; and (iv) the AIFMD will also restrict certain activities of the Fund in relation to EEA portfolio companies including, in some circumstances, the Fund's ability to recapitalize, refinance or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Fund generally. In addition, it is possible that some



EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA funds to investors based in those jurisdictions, which may make it more difficult for a Fund to raise its targeted amount of commitments.

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

Illiquidity; Lack of Current Distributions. An investment in a Fund should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. 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. Before such time, there may be no current return on the investment. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the General Partners) may exceed its income, thereby requiring that the difference be paid from a Fund's capital, including unfunded commitments.

Non-Controlling Investments. The Funds may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the Funds at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes that the Funds may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where a fund invests alongside third-parties, such as institutional co-investors or private equity funds of other sponsors or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Funds or their limited partners. Such third-parties may be in a position to take action contrary to such Fund's business, tax or other interests, and the Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. Where a Fund holds a minority stake, it also may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. Even a Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

Limited Transferability of Fund Interests. There will be no public market for the Fund interests, and none is expected to develop. There are substantial restrictions upon the transferability of Fund interests under the Limited Partnership Agreements and applicable securities laws. In general, withdrawals of Fund interests are not permitted. In addition, Fund interests are not redeemable.

Concentration of Investments. The Funds will participate in a limited number of investments and intend to make most of their investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings may substantially affect its aggregate return.

Lack of Sufficient Investment Opportunities. It is possible that a Fund will never be fully invested if enough sufficiently attractive investments are not identified. The business of identifying, structuring and completing venture capital and private equity transactions is highly competitive and involves a high degree of uncertainty. However, limited partners will be required to pay annual Management Fees during the investment period based on the entire amount of their commitments and other expenses as set forth in the Governing Documents.



Reliance on the General Partners and Portfolio Company Management. Control over the operation of the Funds will be vested with the General Partners, and a Fund's future profitability will depend largely upon the business and investment acumen of K1. The loss of service of one or more of the principals of K1 could have an adverse effect on the Fund's ability to realize its investment objectives. In addition, the principals currently manage, and expect in the future to manage, other investment funds besides the Funds and the principals may need to devote substantial amounts of their time to the investment activities of such other funds, which may pose conflicts of interest in the allocation of the time of the principals. Limited partners generally have no right or power to take part in the management of a Fund, and as a result, the investment performance of a Fund will depend entirely on the actions of the General Partners. In addition, certain changes in the General Partners or circumstances relating to the General Partners may have an adverse effect on the Funds or one or more of their portfolio companies including potential acceleration of debt facilities.

Although the General Partners will monitor the performance of each Fund investment, it will primarily be the responsibility of each portfolio company's management team to operate the portfolio company on a day-to-day basis. Although each Fund generally intends to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the management of such companies will be able or willing to successfully operate a company in accordance with the Fund's objectives.

The Funds' investments may differ from previous investments made by the principals of K1 in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

Director Liability. The Funds will often seek to obtain the right to appoint a representative to the board of directors (or similar governing body) of the companies in which it invests. Serving on the board of directors (or similar governing body) of a portfolio company exposes a Fund's representatives, and ultimately such Fund, to potential liability. Not all portfolio companies may obtain insurance with respect to such liability, and the insurance that portfolio companies do obtain may be insufficient to adequately protect officers and directors from such liability. Being on the board of directors may also have the effect of impairing the General Partners' ability to sell the related securities when, and upon the terms, it may otherwise desire and may subject the General Partners, K1, and the Fund to claims they would not otherwise be subject to as an investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, a Fund will indemnify the General Partners and K1 from such claims. In addition, involvement in litigation can be time consuming for such persons and can divert the attention of such persons from the Fund's investment activities.

Delayed Tax Information. The Funds may not be able to provide final tax filing information to limited partners for any given fiscal year until the initial tax filing deadlines for limited partner tax returns. Accordingly, limited partners should plan to obtain extensions of the filing dates for their U.S. federal, state and local income tax returns. Each prospective investor should consult with its own advisor as to the advisability and tax consequences of an investment in a Fund.

Leveraged Investments. The Funds are permitted to make use of leverage by incurring or having a portfolio company or intermediate entity incur debt to finance a portion of a Fund's investment in a given portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The use of leverage by the Funds will also result in interest expense and other costs to the Funds that may not be covered by distributions made to the Funds or appreciation of its investments. The use



of leverage also imposes restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of the Funds' investments to any deterioration in a company's condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of the Funds' investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, a Fund may suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the Fund. Furthermore, should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, the Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. Except where otherwise required by the relevant Governing Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company.

The Funds are also permitted to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that the Funds would be compensated for providing such guarantee or exposure to such liability. The use of leverage by a Fund also will result in interest expense and other costs to the Fund that may not be covered by distributions made to the Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. The Funds generally are permitted to incur leverage on a joint, several, joint and several or cross-collateralized basis with one or more other investment funds and entities managed by K1 or any of its affiliates, including through Fund subsidiaries and other intermediate entities, and may have a right of contribution, subrogation or reimbursement from or against such entities. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that the Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides such guaranties), such amounts may be secured by capital commitments made by the Fund's investors and such investors' contributions may be required to be made directly to the lenders instead of the Fund.

Subscription Lines. A Fund may enter into a subscription line with one or more lenders in order to finance its operations (including the acquisition of the Fund's investments). Fund-level borrowing subjects limited partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the limited partners, limited partners may be obligated to contribute capital on an accelerated basis if the Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any limited partner claim against the Fund would likely be subordinate to the Fund's obligations to a subscription line's creditors.

In addition, Fund-level borrowing will result in additional partnership expenses that will be borne by investors. These expenses typically include interest on the amounts borrowed, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility. Because a subscription line's interest rate is based in part on the creditworthiness of the relevant Fund's limited partners and the terms of the Governing Documents, it may be higher than the interest rate a limited partner could obtain individually. To the extent a particular limited partner's cost of capital is lower than the Fund's cost of borrowing, Fund-level borrowing can negatively impact a limited partner's overall individual financial returns even if it increases the Fund's reported net returns in certain methods of calculation. Conflicts of interest have the potential to arise in that the



use of Fund-level borrowing typically delays the need for limited partners to make contributions to a Fund, or results in short-term gains to a Fund, which in certain circumstances enhances the relevant Fund's internal rate of return calculations and thereby may be deemed to benefit the marketing efforts of the General Partner and its affiliates and increases the likelihood that any hurdle or preferred return component in the Fund's carried interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing Funds), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses, co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the relevant Fund nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will contain other terms that restrict the activities of a Fund and the limited partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the relevant General Partner's ability to consent to the transfer of a limited partner's interest in the Fund or impose concentration or other limits on the Fund's investments, and/or financial or other covenants, that could affect the implementation of the Fund's investment strategy. In addition, in order to secure a subscription line, the relevant General Partner may request certain financial information and other documentation from limited partners to share with lenders. The General Partner will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more limited partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then current amount outstanding under a subscription line could cause short-term liquidity concerns for limited partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by a Fund. This risk would be heightened for a limited partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the limited partner to meet the accumulated, larger capital calls at the same time. A General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse the Management Company for expenses incurred on behalf of the Fund. A Fund is also permitted to utilize Fund-level borrowing when a General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, limited partners would end up with increased exposure to the underlying investment, which could result in greater losses.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by limited partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to limited partners and increase the potential carried interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related



expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

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

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

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

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

Significant Adverse Consequences for Default. The Partnership Agreements provide for significant adverse consequences in the event a limited partner defaults on its commitment or any other payment obligation. In addition to losing its right to potential distributions from a Fund, a defaulting limited partner may be forced to transfer its interest in the Fund for an amount that is less than the fair market value of such interest and that may be paid over a period of up to ten years, without interest.

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

General Partners' Carried Interest. The fact that the General Partners' carried interest is based on a percentage of net profits may create an incentive for the General Partners to cause the Funds to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case.

Transfer by General Partner. To the extent the General Partners, their partners, the principals of K1 and/or their



respective affiliates commit to make a direct or indirect investment in or along-side a Fund, a material participation in or a portion of such investment may thereafter be transferred to others, subject to any express limitations thereon in the Partnership Agreement.

Public Company Holdings. The Funds' investment portfolios may contain securities and debt issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the principals of K1, and increased costs associated with each of the aforementioned risks.

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

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

Unfunded Pension Liabilities of 80%-Owned Portfolio Companies. Certain court decisions have suggested that, where an investment fund owns 80% or more of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. The Funds may, from time to time, own an 80% or greater interest in a portfolio company that has unfunded pension fund liabilities. If a Fund (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests 80% or more of the equity.



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

Non-U.S. Investments. The Funds may invest in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, the risks associated with fluctuating currency exchange rates, capital repatriation regulations (as such regulations may be given effect during the term of a Fund), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on a Fund and/or the partners with respect to the Fund's income, and possible non-U.S. tax return filing requirements for the Fund and/or the partners, differences between the U.S. and foreign securities markets, including potential price volatility in and relative liquidity of some foreign securities markets, the absence of uniform accounting, auditing and financial reporting standards, practices and disclosure requirements and less government supervision and regulation, economic, social and political risks, including potential exchange control regulations and restrictions on foreign investment, and the possible imposition of foreign taxes on income and gains recognized with respect to such securities. Additional risks include: (a) risks of economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; and (g) nationalization and expropriation of private assets.

Moreover, non-U.S. companies may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

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

Limited Access to Information. Limited partners' rights to information regarding a Fund, the relevant General Partner or K1 generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to limited partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of K1's control. Decisions by K1 or its affiliates to withhold information may have adverse consequences for limited partners in a variety of circumstances. For example, a limited partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a limited partner to monitor K1 and its performance. Additionally, it is anticipated that limited partners that designate representatives



to participate on a Fund's Advisory Board generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other limited partners. Limited partners generally will bear the expenses of responding to disclosure requests, including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and K1 reserves the right to withhold certain information from investors subject to such laws for reasons relating to K1's public reputation, business strategy or other reasons.

Material Non-Public Information; Other Regulatory Restrictions. As a result of the operations of K1 and its affiliates, as well as in connection with officerships or directorships of K1 personnel, K1 may come into possession of confidential or material non-public information. Therefore, K1 and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or K1's internal policies.

Similarly, anti-money laundering, anti-boycott and economic and trade sanction laws and regulations in the United States and other jurisdictions may prevent K1 or the funds from entering into transactions with certain individuals or jurisdictions. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") and other governmental bodies administer and enforce laws, regulations and other pronouncements that establish economic and trade sanctions on behalf of the United States. Among other things, these sanctions may prohibit transactions with or the provision of services to, certain individuals or portfolio companies owned or operated by such persons, or located in jurisdictions identified from time to time by OFAC. Additionally, antitrust laws in the United States and other jurisdictions give broad discretion to the U.S. Federal Trade Commission, the United States Department of Justice and other U.S. and non-U.S. regulators and governmental bodies to challenge, impose conditions on, or reject certain transactions. In certain circumstances, antitrust restrictions relating to one Fund's acquisition of a portfolio company may preclude other Funds from making an attractive acquisition or require one or more other Funds to sell all or a portion of certain portfolio companies owned by them.

As a result of any of the foregoing, a Fund may be adversely affected because of K1's inability or unwillingness to participate in transactions that may violate such laws or regulations, or by remedies imposed by any regulators or governmental bodies. Any such laws or regulations may make it difficult or may prevent a Fund from pursuing investment opportunities, require the sale of part or all of certain portfolio companies on a timeline or in a manner deemed undesirable by K1 or may limit the ability of one or more portfolio companies from conducting their intended business in whole or in part. Consequently, there can be no assurance that any Fund will be able to participate in all potential investment opportunities that fall within its investment objectives.

CFIUS and National Security Clearance Considerations. Certain investments are expected to be subject to or require review and approval by the U.S. Committee on Foreign Investment in the United States ("CFIUS"), such as where CFIUS-related laws, regulations or guidance deem non-U.S. persons or entities under their control (such as a Fund, co-investors and/or rollover sellers) to be acquiring a U.S. business (including a business with assets, employees, facilities, and/or operations in the United States). CFIUS has the authority to review proposed or existing transactions or investments or to seek to impose limitations on or prohibit investments, and CFIUS filings and other considerations can materially impact transaction timing, feasibility, certainty and costs. In certain circumstances, CFIUS considerations have the potential to prevent a Fund from maintaining or pursuing investments, or limit the universe of available buyers for an existing investment. Any of these factors have the potential to adversely affect a Fund's performance, and the likelihood that CFIUS considerations will be implicated is expected to increase where non-U.S. limited partners comprise a substantial percentage of a Fund. Under the Governing Documents, the relevant General Partner generally is authorized, although not required, to excuse or otherwise limit non-U.S. limited partners' ability to invest in U.S. businesses (or to exercise voting or Advisory Board rights with respect thereto) in order to anticipate or comply with CFIUS considerations. However, there can be no assurance that invoking any such excuse provisions or other limitations will allow the Fund to proceed with or maintain any investment, or to avoid losses relating thereto. Similar



considerations are expected to apply with respect to reviews by non-U.S. national security or investment clearance regulators.

Inflation Risk. High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the United States, have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Fund's investments and its aggregated returns. For example, if a portfolio company was unable to increase its revenue while the cost of relevant inputs were increasing, such a portfolio company's profitability would likely suffer. Likewise, to the extent a portfolio company has revenue streams that are slow or unable to adjust to changes in inflation, including by contractual arrangements or otherwise, such a portfolio company could increase revenue by less than its expenses increase. Conversely, as inflation declines, a portfolio company may see its competitors' costs stabilize sooner or more rapidly than its own. Moreover, increasing inflation will also impact currencies and can lead to significant currency fluctuations. This has recently resulted in a strengthening of the US dollar vis-à-vis many other currencies but there can be no assurances that such trends will continue and/or that this trend will not reverse such that the US currency is weakened vis-à-vis other currencies. Additionally, because the preferred return is not linked to the rate of inflation, as the rate of inflation increases the proportion of real returns (i.e., the nominal rate of return less the rate of inflation) treated as preferred return decreases and the proportion of real returns subject to performance-based compensation increases. There can be no assurance that high rates of inflation will not have a material adverse effect on the investments of the Fund.

Financial Institution Risk; Distress Events. An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a "Financial Institution") of some or all of the Fund's (or any portfolio company's) assets fails to timely perform or otherwise defaults on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature Bank in March 2023 (each, a "Distress Event"). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, K1, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distress Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of K1 to manage the Funds and their investments, and on the ability of K1, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of K1 or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that K1 will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable



than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that K1 will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or other negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that K1 and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although K1 seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds, K1 is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

Valuation of Investments. Generally, the relevant General Partner will determine the value of all the related Fund's investments for which market quotations are available based on publicly available quotations. However, market quotations will not be available for virtually all of a Fund's investments because, among other things, the securities of portfolio companies held by such Fund generally will be illiquid and not quoted on any exchange. Each General Partner generally will determine the value of all the relevant Funds' investments that are not readily marketable based on ASC 820 guidelines as promulgated by the Financial Accounting Standards Board and any subsequent valuation guidelines required of an investment fund reporting under generally accepted accounting principles as promulgated in the United States. There can be no assurance that the relevant General Partner will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third-parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of a General Partner with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by such General Partner may cause it to ineffectively manage the relevant Fund's investment portfolios and risks.

Cybersecurity Breaches and Identity Theft. The Management Company's, the General Partners', the Funds' and their portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the Management Company, the General Partners, the Funds and/or a portfolio company likely will have to make a significant investment to fix or replace them. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the Management Company's, the General Partners', the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Fund investors (and the beneficial owners of investors). Such a failure could harm the Management Company's, the General Partners', the Funds' and/or a portfolio company's reputation, subject any such entity and their respective affiliates to legal claims and otherwise affect their business and financial performance. Cyber-attacks might potentially be carried out by persons using techniques that could range from efforts to circumvent network security electronically or overwhelm websites to intelligence gathering and social engineering functions aimed at obtaining information necessary to gain access. Such a failure or breach could also harm investors (e.g., in the event identity theft or otherwise obtaining access to investor accounts). Cyber-attacks often also take the form of socially-engineered frauds, such as "phishing." Third parties often also attempt to fraudulently induce employees, customers, third-party service providers or other users of the Management Company's systems to disclose sensitive information in order to gain access to the Management Company's data or that of the Funds' investors or portfolio companies. Companies have also been subject to "ransomware" attacks.



To the extent that any of the Management Company, the General Partners, the Funds, a portfolio company or their respective service providers is subject to cyber-attack or other unauthorized access is gained to such entity's information technology system, the Management Company, the General Partners, the Funds and/or such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; (v) cash; or (vi) other items. Similarly, such a security breach could disrupt or halt such entities' operations for an indefinite period of time. The use of internet- or cloud-based programs, technologies and data storage applications generally heightens these risks. Any of such circumstances could subject a portfolio company, or the relevant Fund, to substantial losses, including losses relating to: misappropriation of assets, intellectual property or confidential information; corruption, deletion or destruction of data; physical damage and repairs to systems; reputational harm; financial losses from remedial actions; and/or disruption of operations. Third parties, including activist, criminal, nation-state or terrorist actors, may also attempt fraudulently to induce portfolio companies or their personnel to disclose sensitive information (including passwords) in order to gain access to data, accounts, funds or other assets, or otherwise to inflict harm. In addition, in the event that such a cyber-attack or other unauthorized access is directed at K1 or one of its service providers holding its financial or investor data, K1, its affiliates, the Funds or investors may also be at risk of loss, despite efforts to prevent and mitigate such risk. In certain events, the Management Company's, the General Partner's, the Fund's and/or a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject the Management Company, the General Partners, the Fund, or its portfolio companies to substantial losses. The foregoing risks are equally applicable to service providers of the Management Company, the General Partners, the Fund and its portfolio companies.

Privacy and Data Protection Law Compliance Risk. The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations ("Privacy Laws") in the United States, Europe and other jurisdictions could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and current and planned business activities of K1, the General Partners, the Funds and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Fund performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the K1, the General Partners, the Funds and/or their portfolio companies, are likely to increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Certain jurisdictions, including U.S. states, have proposed, adopted or are considering similar Privacy Laws, which if enacted could impose significant costs, potential liabilities and operational and legal obligations. Such Privacy Laws and regulations are expected to vary from jurisdiction to jurisdiction, thus increasing costs, operational and legal burdens, and the potential for significant liability for regulated entities, which could include K1, the General Partners, the Funds and/or their portfolio companies.

United Kingdom ("UK") Exit from the European Union (the "EU"). The UK formally left the EU on January 31, 2020 ("Brexit"), and entered a transition period that ended on December 31, 2020. On December 30, 2020, the UK government and the EU Commission signed a trade and cooperation agreement governing their future relationship, which, following a ratification process, is expected to apply on a provisional basis through an additional transition period. However, this agreement does not include an agreement on financial services and, as a result, UK firms in the financial sector have more limited access to the EU market than prior to Brexit and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.



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

The legal, political and economic uncertainty generally resulting from Brexit may adversely affect both EU- and UK-based businesses, including K1 and Fund portfolio companies, as applicable. Brexit has already led to disruptions in trade as businesses attempt to adapt cross-border procedures and rules applicable in the UK and in the EU to their activities, products, customers, and suppliers. Continuing uncertainty and the prospect of further disruption may also result in an economic slowdown and/or a deteriorating business environment in the UK and in one or more EU Member States.

U.S. Taxation of Carried Interest. U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates) unless the partnership has held the asset that generated such gain for more than three years. Additionally, Congress has considered proposed legislation that would treat certain income allocations to service providers by partnerships such as a Fund (including any carried interest) as ordinary income for U.S. federal income tax purposes that under current law are treated as an allocation of the partnership's income (and which may be taxed at lower rates than ordinary income). Such rules, as well as any such legislation that may be enacted in the future, could apply to reduce the after-tax returns of individuals associated with a Fund, its General Partner, or K1 who were or may in the future be granted direct or indirect interests in carried interest, which could make it more difficult for the relevant General Partner and its affiliates to incentivize, attract and retain individuals to perform services for a Fund. This creates potential incentives for K1 to cause a Fund to hold investments for a longer period than would be the case if such greater-than-three-year holding period requirement did not exist.

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

Environmental, Social and Governance ("ESG") Matters. K1 maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. There is no guarantee that K1 will be able successfully to implement its ESG policy or to make investments in companies that create a positive ESG impact while achieving its investment strategy. In addition, applying ESG factors to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by K1, or any judgment exercised by K1, will reflect the beliefs or values of any particular investor. There are also significant differences in interpretations of what positive ESG characteristics mean



by region, industry and topic. K1's interpretations and decisions are expected to differ from others' views and could also evolve over time. In addition, in evaluating an investment, K1 expects to depend upon information and data provided by a number of sources, including the relevant investments and/or various reporting sources which could be incomplete, inaccurate or unavailable, and which could cause K1 to incorrectly assess a company's ESG practices and/or related risks and opportunities. K1 does not intend to independently verify all ESG information reported by investments or third parties. Further, considering ESG qualities when evaluating an investment could result in the selection or exclusion of certain investments based on K1's view of certain ESG-related and other factors and could cause the relevant Funds not to make an investment that they would have made or to make a management decision with respect to an investment differently than they would have made in the absence of the ESG Policies, which could negatively impact K1's performance. For avoidance of doubt, however, K1 does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors.

Further, ESG practices are evolving rapidly and there are different principles, frameworks, methodologies, and tracking tools being implemented by other asset managers, and K1's adoption and adherence to various such principles, frameworks, methodologies and tools is expected to vary over time. There is also a growing regulatory interest across jurisdictions in improving transparency regarding the definition, measurement and disclosure of ESG factors. K1's ESG policies could become subject to additional regulation in the future, and K1 cannot guarantee that its current approach will meet future regulatory requirements.

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

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

Advisory Board. The General Partners appoint one or more limited partner representatives to the Funds' Advisory Boards. The Limited Partnership Agreements provide that to the fullest extent permitted by applicable law, none of the Advisory Board members shall owe any fiduciary duties to a Fund or any other Partner. In addition, representatives of the Advisory Boards may have various business and other relationships with K1 and its partners, employees and affiliates. These relationships may influence their decisions as members of an Advisory Board.

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

Secondaries and other General Partner-Led Transactions. There continues to be a significant market in the private fund



sector for secondary sales, General Partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and K1 reserves the right to dispose of (or seek additional capital for) Fund investments through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by K1 following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing limited partners and maintaining exposure to an asset where K1 believes there is the potential for additional value generation. Where undertaken, existing limited partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from multiple Funds sponsored by K1 and its affiliates), often on different terms than the original investment. However, certain of such transactions are expected to require: a limited partner to invest additional capital in the existing Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio company; and/or a delay in the full liquidation of its investment. In other circumstances, even limited partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests.

Each of these transactions has the potential for conflicts between the interests of a Fund or limited partner and those of K1 or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where K1 or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of limited partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the selling Fund, K1, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent K1 requires existing limited partners and/or new buyers to commit capital to a continuation fund or another Fund managed by K1 in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its limited partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as limited partners in the relevant Fund, and in such circumstances K1 reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain limited partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to limited partners and/or the relevant advisory committee prior to the closing of the transaction, there can be no assurance that K1 will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of Fund or any individual limited partner or group of limited partners. However, K1 reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Governing Documents. K1 is permitted to seek the consent of the relevant Fund advisory committee to approve conflicts associated with such transactions and accordingly not all limited partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of Fund investments, to the extent such transactions are not consummated, the Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

This discussion of the material risks of K1's investment strategy does not represent all of the risks associated with an investment in a Fund. Each Fund's Memorandum sets out additional risks associated with the Fund.



Item 9. Disciplinary Information

Registered investment advisers are required to disclose all material facts regarding any legal or disciplinary events that would be material to a client's evaluation of the investment adviser or the integrity of its management. The Manager has no disciplinary matters required to be disclosed under this item.

Item 10. Other Financial Industry Activities and Affiliations

Other Financial Industry Activities

A registered investment adviser is required to disclose whether it or any of its management persons are registered, or have an application pending to register, as a (a) broker-dealer or a registered representative of a broker-dealer, or (b) futures commission merchant, commodity pool operator, a commodity trading adviser, or an associated person of the foregoing entities. Neither the Manager nor any of its management persons are registered as such or have any application for such registration pending.

Relationships or Arrangements

K1 is affiliated with its General Partner entities, which serve as managers or general partners of Funds and other pooled vehicles and generally share common owners, officers, partners, employees, consultants or persons occupying similar positions, and operate as a single advisory business together with K1. Such General Partners are subject to the IAA pursuant to the Manager's registration in accordance with SEC guidance. Additional information regarding potential conflicts of interest, including with respect to K1 Operations and the Management Advisory Board, is provided in Item 11 below.

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

K1 has adopted a Code of Ethics (the "Code"), which sets forth standards of conduct that are expected of K1's principals and employees and addresses certain conflicts that may arise from personal securities trading. Among other things, the Code:

- requires K1 personnel to report their personal securities transactions;
- prohibits or requires pre-clearance for K1 personnel regarding any direct or indirect acquisition of beneficial ownership in any Reportable Security (as defined in Rule 204A-1), initial public offering or limited offering;
- prohibits K1 personnel from directly or indirectly acquiring beneficial ownership of securities with limited exceptions, without first obtaining approval from the K1 Chief Compliance Officer.
- requires compliance with policies and procedures reasonably designed to prevent the misuse of, or trading upon, material nonpublic information.

A copy of the Code will be provided to any investor or prospective investor upon request to K1 at 800-310-2870. Personal securities transactions by K1 personnel are required to be conducted in a manner that prioritizes the Clients' interests in Client eligible investments.

Principals and employees of K1 and its affiliates generally are expected to directly or indirectly own an interest in the Funds or certain co- investment vehicles. Co-investment vehicles are formed to invest in one or more of the same



portfolio companies as the Funds.

Additionally, a Fund generally reserves the right to invest together with other Funds advised by an affiliated adviser of K1 in the manner set forth in the Governing Documents and K1's related policies. K1 will determine the allocation of investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time consistent with K1's obligations and reserves the right to take into consideration factors such as those set forth herein.

K1 and its affiliates, principals and employees expect from time to time to carry on investment activities for their own account, for personal or employee investment vehicles and, potentially, for family members, friends or others who do not invest in the Funds, as well as give advice and recommend securities that differ from advice given to, or securities recommended or bought for, the Funds, even though their investment objectives may be the same or similar.

K1 and its affiliated persons may come into possession, from time to time, of material nonpublic or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell or hold a security. Under applicable law, K1 and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is a client of K1.

Accordingly, should K1 or any of its affiliated persons come into possession of material nonpublic or other confidential information with respect to any public company or non-public company, K1 generally would be prohibited from communicating such information to clients, and K1 would have no responsibility or liability for failing to disclose such information to clients as a result of following their policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of K1 personnel serving as directors of public companies and may restrict trading on behalf of clients, including the Funds.

Conflicts of Interest

K1 and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other funds, and providing transaction-related, management and other services to the Funds, and portfolio companies. K1 devotes time, personnel and internal resources as necessary to conduct the business affairs of the Funds in an appropriate manner, as required by the Governing Documents, although the Funds and their respective investments will place varying levels of demand on these over time. In the ordinary course of K1 conducting its activities, the interests of a Fund likely will conflict with the interests of K1, one or more other Funds, portfolio companies or their respective affiliates in certain circumstances. Although certain of these conflicts of interest are discussed in this Brochure, investors should refer to the Governing Documents for further discussion of conflicts of interest.

K1 determines all matters relating to structuring transactions and Fund operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the approvals required by the Advisory Boards of the Funds.

During the commitment period of a Fund, K1 generally pursues all appropriate investment opportunities to invest in new portfolio companies through such Fund, subject to certain limited exceptions set forth in the Governing Documents and K1's allocation policies. However, K1 currently manages, and expects in the future to manage, several other investment funds and investments similar to those in which the Funds invest, and expect to direct certain relevant investment opportunities or resources to those investment funds and investments. K1 personnel reserve the right to manage their own personal investments, whether or not through a formal family office or estate planning structure, to establish



trusts, endowments, charitable programs, foundations or similar arrangements, and to pay or receive compensation relating to the foregoing. K1's principals and investment staff will continue to manage and monitor such investment funds and investments. K1's investment in a Fund, as well as K1's interest in the carried interest with respect to such Fund, operate to align, to some extent, the interest of K1 with the interest of the partners of such Fund, although K1 will likely have economic interests in such other investment funds and investments as well and receive Management Fees and carried interests relating to such interests. Such other investment funds and investments that K1 expects from time to time to control generally have the potential to compete with a Fund or companies acquired by such Fund. Following the commitment period of a Fund, K1 reserves the right to, and likely will, focus its investment activities on other opportunities and areas unrelated to such Fund's investments. To the extent an investment opportunity is received that is unsuitable for a Fund, in K1's sole discretion, K1 and its personnel reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Unless restricted by the Governing Documents, K1 personnel are permitted to serve on boards or act in other roles unaffiliated with K1, the Funds or their portfolio companies, including boards of charitable and educational institutions, public companies and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

From time to time, K1 will be presented with investment opportunities that would be suitable for more than one of the Funds and/or other investment vehicles operated by advisory affiliates of K1. In determining which investment vehicles should participate in such investment opportunities, K1 and its affiliates are subject to conflicts of interest among the investors in such investment vehicles. K1 attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by K1's advisory affiliates to investors in investment vehicles managed by them, and seeks to allocate investment opportunities among such entities in a fair and equitable manner over time. K1 is authorized, in its sole discretion, to consult with the Advisory Board with respect to such conflicts. Except as required by the Governing Documents, K1 is not obligated to recommend any investment to any particular investment vehicle. In certain circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more other Funds due to size, revenue or other characteristics.

K1 must first determine which Fund(s) will, or are required to participate in the relevant investment opportunity. K1 generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's Limited Partnership Agreement, as well as factors including but not limited to: each K1 Fund's (i) investment strategies objectives and focus, (ii) liquidity and reserves, (iii) risk profile timing of the relevant periods, (iv) contractual requirements regarding eligible investments, including, but not limited to, asset class restrictions and investment size restrictions, (v) portfolio composition and investment concentration parameters, (vi) amount of capital available for investment as well as projected future capacity for investment, (vii) potential future capital needs for the portfolio investment, including, without limitation, potential for add-on acquisitions, (viii) transaction sourcing, (ix) lender covenants and other limitations, (x) the size, stage of development, and anticipated holding period of the prospective portfolio investment, (xi) life cycle of the Fund, (xii) historical and anticipated redemption, withdrawal, or repurchase requirements and anticipated future contributions or subscriptions, (xiii) the suitability as a follow-on investment for a current portfolio investment, (xiv) the use of leverage in the proposed capital structure, (xv) when a pro rata allocation could result in de minimis or odd lot allocations, (xvi) cash flow and invested capital recycling considerations, (xvii) industry and other allocation targets, (xviii) legal, tax, accounting, contractual or regulatory constraints, (xix) changes to Fund investment mandates, (xx) seniority of an investment and other capital structuring criteria, (xxi) whether an investment opportunity would enable a K1 Fund to qualify for certain programmatic benefits or discounts that are not readily available to other K1 Funds, (xxii) the ability to succeed in a competitive process for a specific target and (xxiii) any other relevant limitations imposed by or conditions set forth in the relevant governing documents or deemed relevant by K1 in good faith. For example, a newly organized Fund generally will seek to purchase a disproportionate amount of investments until it is substantially invested.

Following such determination among Funds, K1 reserves the right to offer co-investment opportunities to one or more potential co-investors, including third-parties, including K1 personnel and other affiliates of K1 and/or



persons associated with K1, K1 Operations, Management Advisory Board members and other consultants and service providers, finders, other sponsors and market participants, in each case on terms to be determined in the sole discretion of the General Partners, subject to the applicable Governing Documents and K1's policies regarding allocation. Conflicts of interest may arise in the allocation such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by the General Partners in their sole discretion, may not be in the best interests of the Funds or any individual investors. K1's policies permit the General Partners to consider some or all of a wide range of factors, which may include factors which benefit the General Partner. Such factors may include one or more of the following: (i) whether the prospective co-investor has expressed an interest in evaluating co-investment opportunities, including the perceived degree of that interest, (ii) the expertise, knowledge and sophistication of the prospective co-investor with respect to the issuer, segment, industry, geographic region or other characteristics that are relevant to the investment, (iii) the prospective co-investor's perceived ability to approve the investment pursuant to any applicable internal approval processes (including the predictability of the prospective co-investor's investment process), and to otherwise successfully and efficiently execute the transaction, in a timely manner with respect to the timeframe in which the General Partner believes favorable transaction terms may be achieved based on their history of consummating co-investment opportunities, (iv) any tax, regulatory, securities laws and/or other legal considerations with respect to the prospective co-investor (e.g., qualified purchaser or qualified institutional buyer status), (v) confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity, (vi) the General Partner's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair the General Partner's ability to execute the relevant transaction in the desired time or on desired terms, (vii) the size of the investment allocation available to the General Partner (and not being allocated to any other investment funds and entities managed by the General Partner or any of its affiliates) and the practicality of splitting the allocation into smaller tranches, (viii) the ability of the prospective co-investor to invest an amount of capital that is consistent with the needs of the investment, taking into account the amount of capital reasonably expected to be needed (including for potential add-on acquisitions and other potential additional investments) and the maximum number of investors that can realistically participate in the transaction, (ix) any requirements of any third-party lenders as to the identity of any investors participating as co-investors, or as to the creditworthiness of any co-investors, or as to the number of co-investors, or as to other matters with respect to the investors in the transaction, (x) whether the prospective co-investor is considered "strategic" to the investment because it is able to offer the General Partner or its affiliates or any funds or entities which they manage certain services or benefits, including, but not limited to, the ability to help consummate the investment, the ability to aid in operating or monitoring the investment, or whether the General Partner believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships (including formal or informal strategic relationships) that have the potential to provide longer-term benefits to the General Partner or its affiliates or any funds or entities which they manage, (xi) whether the prospective co-investor has a history of consummating co-investment opportunities with the General Partner or its affiliates, (xii) whether the prospective co-investor has the financial and operational resources and other relevant wherewithal to evaluate and participate in a co-investment opportunity, (xiii) the likelihood that the prospective co-investor would require governance rights (including, but not limited to, board or observer rights, access to the management team of the underlying portfolio company, or material informational rights) that would complicate or jeopardize the transaction (or, alternatively, where the investor would be willing to defer to the General Partner and assume a more passive role in governing the investment), (xiv) whether the prospective co-investor has any interests in any competitor of the underlying investment, (xv) the expected investment holding period, (xvi) the services provided by the prospective co-investor in connection with the investment and/or to the issuer of the investment (or otherwise provided by the prospective co-investor with respect to the investment), including sourcing, establishing relationships, participating in diligence, providing operational or financing services post-closing and other services, (xvii) the size of the prospective co-investor's interest to be held in the underlying portfolio company as a result of the investment of another fund or entity managed by the General Partner or its affiliates (which is likely to be based on the size of the prospective co-



investor's capital commitment and/or investment in such entity), (xviii) the size and/or timing of the prospective co-investor's commitment to the Fund or other funds sponsored by K1, (xix) whether the prospective co-investor has any known investment policies and restrictions, guideline limitations or investment objectives that are relevant to the transaction, including the need for early or recurring distributions, (xx) whether the prospective co-investor is likely to pay management fees and/or carried interest, (xxi) the likelihood that the prospective co-investor may invest in a future fund sponsored by the General Partner or its affiliates and other factors that the General Partner considers important in connection with the specific transaction or investment. The General Partners reserve the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have priority in co-investment opportunities. The Funds may co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, the Funds may in certain circumstances be liable for actions of its third-party co-venturer or partner. In some cases, a co-investment vehicle may be formed in connection with the consummation of a transaction and such entity generally will bear expenses relating to its formation and operation. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the relevant General Partner, ultimately is not consummated, the full amount of any fees, expenses or other liabilities or obligations relating to such proposed transaction generally would be borne by the Funds, and not by any potential co-investors that would have participated in such transaction.

Co-investment opportunities typically will be offered to some and not to other Fund limited partners, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and K1 expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most-favored nation" provisions of a Fund's Governing Documents and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any break-up, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) be diluted or realize lower than expected returns from such investment. Furthermore, K1 or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. When and to the extent that employees and related persons of the Manager and its affiliates make capital investments in (directly or



indirectly through the General Partner) or alongside certain Funds, the Manager and its affiliates are subject to conflicting interests in connection with these investments. The Manager's allocation of co-investment opportunities likely will be more or less advantageous to some persons relative to others. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such potential conflict not existed.

K1's allocation of investment opportunities often will not result in proportional allocations among the Funds and other persons and entities. Allocations have the potential to be more or less advantageous to some such persons relative to others. While K1 will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which K1 is subject did not exist.

Potential conflicts are expected to arise when and to the extent a Fund makes investments in conjunction with an investment being made by another Fund, or if it were to invest in the securities of a company in which another Fund has already made an investment. A Fund may not, for example, invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as other Funds. This likely will result in differences in price, terms, leverage and associated costs. Further, there can be no assurance that the relevant Fund and the other Fund(s) or vehicle(s) with which it co-invests will exit such investment at the same time or on the same terms. K1 and its affiliates reserve the right from time to time to express inconsistent views of commonly held investments or of market conditions more generally, including in instances where different portfolio managers or personnel express different views regarding the same investment. There can be no assurance that the return on one Fund's investments will be the same as the returns obtained by other Funds participating in a given transaction. Given the nature of the relevant conflicts there can be no assurance that any such conflict can be resolved in a manner that is beneficial to all Funds. In that regard, actions taken for one or more Funds have the potential to adversely affect other Funds.

The General Partners and the Management Company also reserve the right to enter into cross-transactions on behalf of a Fund and/or other Funds, or co-investors or co-investment vehicles, in which the Fund buys securities from, or sells securities to, or co-invests with, such other Funds, vehicles or persons. In some cases, a portfolio company of a Fund will potentially be merged with or into a portfolio company owned by another Fund. Investments in a portfolio company by more than one Fund raise potential conflicts of interest, including where the assets of the Fund are used to support positions taken by other Funds and/or the transactions allow the General Partner or its affiliates to realize carried interest and/or obtain future management fees and/or carried interest with respect to such investments. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. To the extent required by the relevant Funds' Governing Documents or otherwise in the sole discretion of the applicable Funds' General Partners, such General Partner is authorized to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker paid for by the Funds to opine as to the fairness or "arm's-length" nature of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of K1) or by obtaining the consent of the relevant Funds including, where authorized, the consent of each Fund's Advisory Board to such transactions. The General Partners also are authorized to determine that the willingness of a third-party to make an investment on the same or similar terms demonstrates the fairness of the relevant transaction (including its value) to the Fund under then-current market conditions, and therefore determine not to obtain any consent or fairness opinion. Further, Funds nearing the end of their term are expected from time to time to sell their interest in commonly held investments to other funds sponsored by the General Partner or its affiliates with more time remaining in their term, which gives rise to the conflicts of interest discussed herein. Conflicts of interest are also heightened in the foregoing transactions to the extent the partners of the General Partners are assigned varying percentages of carried interest from Funds in the same investment, or if economic terms, performance or the potential for carried interest vary between Funds, particularly when one Fund sells its portion of such investment to another Fund, which could cause a portion of such carried interest to become



“realized.” Whether or not consent or an opinion is obtained, or a third-party invests, the Management Company intends to conduct such transactions in a manner that it believes to be fair and equitable to each Fund under the circumstances over time, including a consideration of the potential present and future benefits with respect to each Fund including the relative ownership percentages of the Funds in the applicable investment, the length of time remaining in a fund’s term and other factors similar to those discussed above regarding the allocation of investment opportunities.

In certain cases, K1 has, and is permitted in the future, to provide an opportunity for limited partners to obtain liquidity with respect to all or a portion of their interests in a Fund, or with respect to their interests in particular portfolio companies, prior to the end of such Fund’s term. In such situations, K1 typically expects to seek to raise capital from third parties as well as Fund limited partners who directly or indirectly acquire interests in one or more portfolio companies from such Fund, including through the creation of a new investment fund or similar continuation vehicle which would be advised by K1, in which K1 invests, and from which K1 would receive fees and/or carried interest. K1 is permitted, but will not be obligated, to offer Fund limited partners an opportunity to invest in the relevant continuation vehicle by “rolling” their interest in the Fund and/or the underlying portfolio companies. K1 reserves the right to seek to require the new investors (including existing Fund limited partners) to make commitments to the continuation vehicle or a successor Fund advised by K1, which generally reduces the purchase price new investors are willing to pay for the Fund’s assets. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund assets being sold. K1 or its affiliates also have the ability to invest in any such continuation vehicle, including, but not limited to, through a rollover of its existing ownership interest and/or carried interest entitlement, including on a tax-free basis. K1 is expected to face conflicts of interest in such transactions including because K1 and/or its affiliates will have the opportunity to earn additional management fees and/or receive additional carried interest (in addition to any carried interest earned as a result of the sale of one or more portfolio companies by the original Fund to such new continuation vehicle) and other economic benefits in respect of such transactions, and because new investors potentially will make investments in other K1 vehicles. In addition, the terms of any continuation vehicle typically vary from those of an existing Fund, and any limited partners that “roll” their existing Fund interests will generally be subject to such new terms, which potentially will be less favorable. K1 is also expected to face potential conflicts in determining to pursue such transaction as opposed to other liquidity alternatives, and in determining the terms and eligible participants in connection with such transaction. Such transactions will likely present other additional inherent conflicts of interest. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to any Fund.

As a general matter, Fund expenses typically will be allocated among all relevant Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to the Governing Documents, expense allocation decisions generally will be made by K1 or its affiliates in a manner they believe is fair and equitable to their clients under the circumstances over time, using their reasonable judgment and considering such factors as they deem relevant, but in their sole discretion. In exercising such discretion, K1 will likely be faced with a variety of potential conflicts of interest, and the allocations of such expenses may not be proportional, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Funds or co-invest vehicles receiving related benefits or proportionately in accordance with asset size or in certain circumstances determining whether a particular expense has greater benefit to a Fund or K1. The Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, which is expected from time to time to result in the Funds bearing different levels of expenses with respect to the same investment.

In certain cases, K1 will have the opportunity (but, subject to any applicable restrictions or procedures in the Governing Documents, no obligation) to identify one or more secondary transferees of interests in a Fund. In such cases, K1 will not receive compensation for identifying such transferees, and will use its discretion to select such transferees based on suitability and other factors and unless required by the Governing Documents, will determine in its sole discretion whether the opportunity to receive a transfer of Fund interests should be offered to one or more existing Fund investors or other persons.

In borrowing on behalf of a Fund, K1 is subject to conflicts of interest between repaying the Fund’s obligations and



retaining such borrowed amounts for the benefit of the Fund, and in circumstances where interest accrues on any such outstanding borrowings at a rate lower than the relevant Fund's preferred return, is expected to have incentives to cause the Fund to borrow in this manner rather than drawing down capital commitments. Where a preferred return begins to accrue after capital contributions are due (regardless of when the Fund borrows, makes the relevant investment, or pays expenses) and ceases to accrue upon return of these capital contributions, the use of borrowing to shorten the period between calling and returning capital limits the amount of time the preferred return will accrue. In circumstances where there is not a preferred return on funds borrowed in advance or in lieu of calling capital, Fund-level borrowing typically will reduce the amount of preferred return to which the limited partners would otherwise be entitled had the General Partner called capital, and thus could result in the relevant General Partner receiving carried interest sooner than it would without borrowing. In addition, when the Management Fee is calculated as a percentage of invested capital, a limited partner may pay Management Fees on borrowed amounts used to fund investments that have not yet been realized even though such amounts would not accrue preferred return as described above. It is expected that the costs relating to the establishment and/or maintenance of a subscription line of credit will be significant, and there can be no assurance that the benefits to limited partners will be commensurate with such costs.

K1 Operations and Certain Consultants

The General Partners, the Funds and their portfolio companies (including prospective portfolio companies) from time to time retain certain persons to provide services to them. These persons (the "Special Consultants") include affiliates of the General Partner or employees of K1 Operations, an affiliate of K1 wholly owned by R. Neil Malik. Special Consultants also include certain non-investment professionals employed or retained by K1 Operations, portfolio companies of other Funds managed by the General Partner or its affiliates, Management Advisory Board members, third-party consultants, "operating partners," "strategic partners," "executive partners" and "senior advisors," including consultants that may regularly serve as directors, officers, or in other executive positions or otherwise provide services to portfolio companies. Special Consultants are expected from time to time to include former employees of the Manager or certain portfolio companies, and in some circumstances former Special Consultants are expected to become Manager employees or employees of portfolio companies. Consequently, the determination of whether individuals are operating partners is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that the Manager otherwise would be required to bear. The services provided by Special Consultants to the General Partners, Funds, portfolio companies and their respective affiliates include the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies, and consulting regarding general industry trends and related matters, as applicable (collectively, "Services"). Special Consultants provide Services, including in the areas of sales and marketing, software development, implementation and customer support, recruiting and human resources, mergers and acquisitions and finance and accounting, to the Funds and their portfolio companies, including their respective affiliates. The use of Special Consultants is expected to fluctuate over time. Special Consultants, including K1 Operations and its members, charge the Funds, such portfolio companies and such affiliates for Services and for any related out-of-pocket expenses, including travel, incurred by such persons in connection with providing Services ("Consulting Fees and Expenses"). Consulting Fees and Expenses are expected to include cash fees, profits, participation or equity interests in a portfolio company (including securities of such portfolio companies) or holding company, incentive equity and stock awards, a share of proceeds upon sale of a portfolio company, guaranteed minimums and/or other incentive-based compensation to the Special Consultants, including K1 Operations and its members. Such incentive-based compensation may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Special Consultants, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such company. Compensation in the form of profits or equity interests in a portfolio company or intermediate holding company generally has a dilutive impact on the Funds' investment, and has the potential to result in economic effects greater than the original amount of compensation. Any Consulting Fees and Expenses or any other fees or reimbursements to such Special Consultants will not be shared with the Funds or the



partners and will not offset or otherwise reduce Management Fees payable by the Funds. Additionally, portfolio companies may provide opportunities for Special Consultants to invest in such portfolio company and reimburse costs and expenses incurred by Special Consultants. Special Consultants also are permitted to receive remuneration from the General Partners, the Funds and/or their respective affiliates and/or be entitled to other forms of compensation, including equity grants in portfolio companies and/or office space. Management Advisory Board members will be entitled to the benefit of certain indemnification and exculpation provisions. Such remuneration and other forms of compensation received by Special Consultants will not offset or otherwise reduce the Management Fee.

Although K1 seeks to retain Special Consultants with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention or no improved performance. K1 also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that K1 believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only Special Consultants and service providers which it believes will create value. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

Other Conflicts of Interest

As a result of the Funds' controlling interests in portfolio companies, K1 and/or its affiliates typically have the right to appoint board members (including current or former K1 personnel or persons serving at their request) to such portfolio companies, or to influence their appointment, and to determine or influence a determination of their compensation. From time to time, portfolio company board members approve compensation and/or other amounts payable to K1 and/or its affiliates. Except to the extent such amounts are subject to the Limited Partnership Agreements' offset provisions, they will be in addition to any Management Fees or carried interest paid by a Fund to K1. K1 and/or its affiliates reserve the right to employ or engage personnel with pre-existing ownership interests in portfolio companies owned by the Funds or other investment vehicles advised by K1 and/or its affiliates; conversely, current or former personnel or executives of K1 from time to time serve in significant management roles at portfolio companies or service providers recommended by K1. Additionally, K1, its affiliates and/or personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, including but not limited to managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees, and current and former portfolio company executives, as well as certain family members or close contacts of these persons, some of which will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, K1 and/or its affiliates, and/or the Funds or other investment vehicles they advise and/or portfolio companies. K1 expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Funds, will provide K1 information about markets and industries in which K1 operates (or is contemplating operations) or will provide other services that are beneficial to K1 or one or more other Funds. K1 expects to be subject to a potential conflict of interest in making such recommendations, in that K1 has an incentive to maintain goodwill between it and the existing and prospective service providers of a Fund, while the products or services recommended may not necessarily be the best available to a Fund or its portfolio companies.

In connection with its services to the Funds and their investments, K1, its affiliates and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of K1's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, K1 and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "K1 Information"). In many cases, K1 Information will include tools, procedures and resources developed by K1 to organize or systematize K1 Information for ongoing or future use. Although K1 expects its Funds and their portfolio companies generally to benefit from K1's possession of K1 Information, it is possible that any benefits will be experienced solely by other or future Funds or portfolio companies (or by K1 and its personnel) and not by the Fund or portfolio company from which K1 Information was originally received or derived. K1 Information will be the sole intellectual property of K1



and solely for the use of K1. K1 reserves the right to use, share, license, sell or monetize K1 Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, “points,” “cash back,” rebates, discounts and other arrangements, perquisites and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not de minimis or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds or their respective investors; no such rewards will offset Management Fees.

A portfolio company typically will reimburse K1 or a service provider retained at K1’s discretion for expenses (including without limitation travel and in certain cases meal and entertainment expenses) incurred by K1 or such service provider in connection with its performance of services for such portfolio company. This subjects K1 and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. K1 determines the amount of these reimbursements for such services in its own discretion, subject to internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed to investors in any Fund, and any fee paid or expense reimbursed to K1 or such service providers generally is subject to agreements with sellers, buyers and management teams and/or the review and supervision of the board of directors of or lenders to portfolio companies. K1 believes these factors help to mitigate related potential conflicts of interest.

K1 exercises its discretion to recommend to a Fund or to a portfolio company that it contract for services with certain service providers, and from time to time such service providers are expected to include: (i) K1 or a related person of K1 (which may include a portfolio company of such Fund), (ii) an entity, including portfolio companies owned by a Fund, with which K1 or its affiliates has a relationship or from which K1 or its affiliates or their personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where K1 personnel are seconded, or from which K1 receives secondees or (iii) certain limited partners or their affiliates. For example, K1 expects to be presented with opportunities to receive financing and/or other services in connection with a Fund’s investments from certain limited partners or their affiliates that are engaged in lending or related businesses. This subjects K1 to conflicts of interest, because although K1 selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, K1 has an incentive to recommend the related or other person (including a limited partner) because of its financial or other business interest (such as a belief that a limited partner will invest or will continue to invest in one or more Funds). K1, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Funds or K1), would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. Whether or not K1 has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost. Although K1 generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived quality, sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, from time to time K1 expects certain service providers, their affiliates and personnel to invest in, or co-invest alongside, one or more Funds, and due to the nature of the service provider relationships these persons have the potential to have information advantages relative to other investors or co-investors.

K1 has incentives to use or to recommend products or services of one portfolio company to another, which generally will involve fees, commissions, servicing payments or other compensation. Potential conflicts of interest arise in making such recommendations, as K1 has incentives to maintain goodwill between it and its former, existing and prospective portfolio companies, and as a result the products or services recommended may not necessarily be the best or lowest cost option.



K1, its affiliates, and equity holders, officers, principals and employees of K1 and its affiliates reserve the right to buy or sell securities or other instruments that K1 has recommended to a Fund. In addition, officers, principals and employees reserve the right to buy securities in transactions deemed unsuitable for a Fund, but will not in such circumstances be required to share in or reimburse the relevant Fund for due diligence or other expenses (including broken-deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity. The investment policies, fee arrangements and other circumstances of these investments generally vary from those of any Fund. Employees and related persons of K1 have, and are expected to continue to have, capital investments in or alongside certain Funds, or in prospective portfolio companies directly or indirectly, as well as in investment vehicles (including private funds) sponsored by potential competitors, and therefore expect to have additional potential conflicting interests in connection with these investments.

A Fund's General Partner generally is permitted to receive a distribution in kind from the Fund, including in connection with investment dispositions or the payment in kind of amounts owed to the General Partner as carried interest (which generally will be made using the value of the relevant securities on the date of contribution). In such circumstances, there is a potential conflict of interest between the General Partner (and its beneficial owners) and the relevant Fund's limited partners. For example, the General Partner and its beneficial owners may intend to hold the investment for a different time period than K1 deems suitable for the Fund. Although the General Partner and its beneficial owners bear the risk that such securities will decrease during their holding period, to the extent the value of the relevant securities increases following the Fund's disposition thereof, neither the relevant Fund nor its limited partners will benefit from the increase, and over time the economic benefit to the General Partner and its beneficial owners could exceed the value of the General Partner's pro rata interest in the Fund and the amount of carried interest owed. To the extent the beneficial owners of the General Partner contribute such securities to a charity (including to a private foundation or other charitable organization associated with, operated or chosen by such persons or their families), any tax efficiencies or other personal benefits associated with the contribution will inure to the benefit of such beneficial owners rather than to the Fund or its limited partners.

Since K1 is permitted to retain certain fees (as described under "Fees and Compensation—Other Fees and Management Fee Offsets") in connection with Fund investments, it expects to be subject to a potential conflict of interest in connection with approving transactions and setting such compensation. In many cases, such fees are based on an upfront flat amount established with K1 and/or its affiliates at the time of engagement, or enterprise value or revenues or other metrics relating to a portfolio company, and there can be no assurance that the amount charged will be proportional to the amount of hours of work performed or tangible work product generated on behalf of the portfolio company. Additionally, K1, its personnel, affiliates or others designated by K1 expect from time to time to receive compensation in the form of portfolio company securities. To the extent any such securities are received, after any applicable offset provisions in the relevant Governing Documents are applied (typically based on the then-present value of such securities), K1 and/or such other recipients will be permitted to retain such securities as transaction fees, and in doing so will be subject to potential conflicts of interest in determining whether to sell such securities (subject to restrictions imposed by the portfolio company and/or K1 or retain such securities for a period consistent with their own financial and investment objectives, which may differ from those of the relevant Fund). In addition, because portfolio company securities typically represent newly issued incentive equity (whether in the form of common stock, warrants or options to buy common stock, or similar instruments), the receipt of compensation in the form of securities typically has the result of diluting a Fund's relative ownership of the portfolio company awarding such compensation.

K1 and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including but not limited to different fee structures or arrangements (including discounted or rebated compensation terms modified waterfall mechanics and/or receipt of a portion of K1's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on a Fund's Advisory Board, liquidity or transfer rights, confidentiality



protections and disclosure rights, modification of default remedies, investment pacing restrictions, as well as economic, procedural and other terms, many of which will not be subject to the “most-favored nation” provisions of a Fund’s Governing Documents.

K1 is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners, *e.g.*, based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to K1, its affiliates and personnel or the Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to K1, its affiliates and personnel, or the Funds. Further Side Letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Funds. Except where required by Governing Documents, other investors will not receive copies of Side Letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, the Manager, the relevant General Partner or any of their affiliates in the event that certain investors have received additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject K1 to potential conflicts of interest, including in circumstances where an investor’s right to serve on the relevant Fund’s advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other Side Letter rights are likely to confer benefits on the relevant limited partner at the expense of the relevant Fund or of limited partners as a whole, including in the event that a Side Letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund.

As a consequence of one or more limited partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating limited partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a limited partner defaults on a drawdown in respect of an investment. Although K1 believes it to be unlikely, excuse or other rights requested or received by one or more limited partners (or such regulatory, tax or other factors applicable to such limited partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns or exposures or liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A limited partner’s voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners’ voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, limited partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, *e.g.*, based on tax savings or ownership of alternative investment vehicle, “blocker” or other structures used to facilitate their investments in, through or below a Fund.

The relevant liability standards under insurance coverage procured by K1 are expected to vary by carrier, and such standards are expected to vary from time to time depending on, for example, coverage features or limitations then-available from the carrier at the time of insurance contract renewal. As a result, insurance coverages from time to time are expected to vary from relevant liability and/or indemnity standards in the Governing Documents. Investors generally will be responsible for insurance premiums, as set forth in the Governing Documents, regardless of whether the liability and/or indemnity standards in K1’s insurance coverage are higher or lower than that set forth in the Governing Documents.

Certain expenses are paid for by a Fund and/or its portfolio companies or, if incurred by K1, are reimbursed by a Fund and/or its portfolio companies. K1 may not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses.



Each General Partner's carried interest is based on a percentage of net realized profits which creates an incentive for K1 to cause a Fund to make riskier or more speculative investments than would otherwise be the case. Also, because there is a fixed investment period after which capital from investors in a Fund may only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Fund, based upon capital invested by such Fund, this fee structure creates an incentive to deploy capital when K1 may not otherwise have done so. However, K1 believes that the carried interest does not create a conflict of interest with respect to the Funds and instead operates to align the interests of K1 with that of the Funds.

K1 from time to time retains portfolio companies to provide services to K1 or to other portfolio companies. K1 reimburses such portfolio companies at market rates charged by such portfolio companies to non-affiliated customers.

K1 attempts to resolve conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by K1 and its affiliates to investors in investment vehicles managed by them. Where it deems necessary, K1 consults and receives consent to conflicts from the Advisory Board of the relevant Fund.

Investors should refer to the Governing Documents for a complete discussion of the various conflicts of interest to which K1 and its affiliates are subject.

Item 12. Brokerage Practices

K1 primarily focuses on securities transactions of private companies and generally purchases and sells such companies through privately-negotiated transactions in which the services of a broker-dealer may be retained. However, K1 reserves the right to distribute securities to investors in the Funds or sell such securities, including by using a broker-dealer, such as where a public trading market exists. Although K1 does not intend to regularly engage in public securities transactions, to the extent it does so, it intends to follow the brokerage practices described below.

If K1 sells publicly-traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by K1. In such event, K1 will seek to select broker-dealers on the basis of best price and execution capability. In selecting a broker-dealer to execute client transactions, K1 reserves the right to consider a variety of factors, including: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) gross compensation paid to the broker; (v) responsiveness to requests; and (vi) the financial strength of the broker and other broker financial information.

K1 has no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker-dealer on the basis of its purported or "posted" commission rate, but will endeavor to be aware of the current level of the charges of eligible broker-dealers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although K1 generally seeks competitive commission rates, it may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker-dealer involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with K1 seeking to obtain best execution, brokerage commissions on client transactions are permitted to be directed to broker-dealers in recognition of research furnished by them, although K1 generally does not make use of such services at the current time and has not made use of such services since its inception. As a general matter, research provided by these broker-dealers would be used to service all of K1's Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by K1, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that K1 allocates brokerage business on the basis of research services, it expects to have an incentive



to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on its Funds' interest in receiving most favorable execution. To the extent K1 uses "soft dollars" on behalf of the Funds, it intends to seek to do so within the safe harbor provided by Section 28(e) of the Securities Exchange Act of 1934, as amended.

To the extent that K1 engages in any public securities transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for any Funds are completed independently, K1 also reserves the right to purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, K1 expects, but is not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or aggregated to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs.

Aggregated transactions are executed in a manner intended to ensure that no participating Fund of K1 is favored over any other Fund. When an aggregated order is filled in its entirety, each participating Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. To the extent such orders are not batched, they may have the effect of increasing brokerage commissions or other costs.

When an aggregated order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each Fund participating in such buy or sell order in accordance with the amount of securities originally requested for such Funds. Each Fund generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided K1 believes they are fair and equitable to its clients under the circumstances over time.

K1, on occasion and consistent with its fiduciary duties, executes cross trades between funds and also between the funds and co-investors.

Item 13. Review of Accounts

Oversight and Monitoring

Each Fund has specific investment criteria and limitations set forth in the Governing Documents of the Fund. K1 evaluates whether the investment will satisfy the particular investment criteria and limitations applicable to such Fund. After an investment is made by a Fund, K1 will continuously monitor the investment for the Fund.

K1 generally enters into an investment with the expectation of being an active investor. Individual investments held within the Funds are reviewed by K1's Chief Compliance Officer with oversight by its principals on a periodic basis as part of the portfolio monitoring process.

Reporting

Each Fund will generally furnish to its limited partners (i) annual audited financial statements, (ii) unaudited financial statements for the first three quarters of each fiscal year and (iii) annual tax information necessary for each partner's U.S. tax returns.

Item 14. Client Referrals and Other Compensation

K1 and/or its affiliates provide certain business or consulting services to companies in a Fund's portfolio and receive compensation from these companies in connection with such services. As described in the Governing Documents, this compensation may, in certain circumstances, offset a portion of the Management Fees paid by a Fund. However, in other circumstances (e.g., reimbursements for out-of-pocket expenses directly related to a portfolio company), these fees are in addition to the Management Fees.



K1 reserves the right from time to time to enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. These arrangements generally are disclosed in the relevant Fund's Form D. Any fees payable to any such placement agents generally will be borne by K1 (indirectly through an offset against the Management Fee under the Governing Documents or otherwise), although related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal and entertainment expenses, typically are borne by the relevant Fund(s). K1 has engaged UBS Securities LLC, Barclays Bank PLC, OmniCap, LLC, Fund Placement Israel Ltd. and/or their respective affiliates to provide solicitation services with respect to K5 Private Investors, L.P., generally in exchange for fees based on a percentage of capital commitments made to K5 Private Investors, L.P. and reimbursement of expenses.

Item 15. Custody

The Management Company generally expects that it will be deemed to have "custody" (within the meaning of Advisers Act Rule 206(4)-2 (the "Custody Rule")) of funds or securities held in the name of one or more Funds, subject to certain exceptions set forth in the Custody Rule and related guidance, and intends to maintain such assets with the following qualified custodian: First Republic Bank, Menlo Park, California and CitiGroup Global Markets Inc., New York, New York.

The Funds are subject to an annual audit in accordance with generally accepted accounting principles as promulgated in the United States. Audited financial statements are distributed to limited partners within 120 days of each Fund's fiscal year-end in accordance with Rule 206(4)-2 of the Advisers Act.

Item 16. Investment Discretion

K1 has discretionary authority to manage investments on behalf of the Funds. As a general policy, K1 does not allow clients to place limitations on this authority. Pursuant to the terms of the Limited Partnership Agreements, however, K1 has entered into side letter arrangements with certain limited partners whereby the terms applicable to such limited partner's investment in a Fund are altered or varied, including, in some cases, the right to opt out of certain investments for legal, tax, regulatory or other agreed-upon reasons. K1 assumes this authority pursuant to the terms of the Governing Documents and powers of attorney executed by the limited partners of the Funds.

Item 17. Voting Client Securities

K1 has adopted proxy voting policies and procedures to address how it will vote proxies (the "Proxy Voting Policy"), as applicable, for the Funds' portfolio investments. The Proxy Voting Policy seeks to ensure that K1 votes proxies (or similar instruments) in the best interest of the Funds. K1 generally votes in favor of proposals supported by and against proposals opposed by any member of the Board that was nominated or designated by K1, if there is such a director, unless K1 believes that the particular rights of the Clients clearly would be better served by voting differently. K1 generally believes its interests are aligned with those of each Fund's investors, for example, through the principals' beneficial ownership interests in such Fund and therefore will not seek investor approval or direction when voting proxies. In the event that there is or may be a conflict of interest in voting proxies, the Proxy Voting Policy provides that K1 will address the conflict by convening the proxy voting committee which comprises Principals of the Manager. K1 does not consider service on portfolio company boards by K1 personnel or K1's receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. The Proxy Voting Policy sets forth certain specific proxy voting guidelines followed by K1 when voting proxies on behalf of a Fund. Limited partners may obtain information about how a proxy was voted and/or obtain a copy of the proxy voting policies and procedures at no charge upon written request to:



K1 Investment Management, LLC
875 Manhattan Beach Blvd.
Manhattan Beach, CA 90266

Class Actions

As a fiduciary, K1 seeks to act in Clients' best interests with good faith, loyalty, and due care. K1 will determine whether Clients will (a) participate in a recovery achieved through a class action, or (b) opt out of the class action.

Item 18. Financial Information

A registered investment adviser is required to disclose any financial condition that is reasonably likely to impair its ability to meet contractual commitments to its clients and disclose if it has been the subject of a bankruptcy petition at any time during the past ten years. K1 has no financial condition that impairs its ability to meet the contractual commitments to its clients and has not been the subject of a bankruptcy petition.