

FORM ADV PART 2A: FIRM BROCHURE

ITEM 1. COVER PAGE

Five Elms Capital Management, LLC

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Important Disclosure:

This brochure (“**Brochure**”) provides information about the qualifications and business practices of Five Elms Capital Management, LLC and its affiliates (“**Five Elms**” or the “**Firm**”). If you have any questions about the contents of this brochure, please contact us at (913) 953-8960. 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 securities authority.

Additional information about the Firm is available on the SEC’s website at www.adviserinfo.sec.gov.

Please note that registration as an investment adviser with the SEC does not imply any level of skill, training or ability with respect to the provision of investment advisory services. The oral and written communications of an investment adviser provide you with information through which you determine to hire or retain an investment adviser.

ITEM 2. MATERIAL CHANGES

Five Elms filed its last annual amendment of the Brochure on March 29, 2022. There have been no material changes to the Brochure since its previous annual amendment, although the Firm did make routine updates throughout this document. Accordingly, all recipients of this Brochure are encouraged to read it in its entirety.

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ITEM 4. ADVISORY BUSINESS

Five Elms is a Delaware limited liability company that was formed in June 2007. The Firm's sole indirect owner is Frederick N. Coulson, who maintains his interest in Five Elms indirectly through Five Elms Capital, LLC.

The Firm provides investment advisory services to pooled investment vehicles (each a "**Fund**" and collectively, the "**Funds**"). The Funds generally seek to rely on an exemption from registration under the Investment Company Act of 1940, as amended (the "**Investment Company Act**"), and whose securities are not registered under the Securities Act of 1933, as amended (the "**Securities Act**"). Five Elms provides discretionary investment management services to the Funds in accordance with the applicable limited partnership agreement (or analogous organizational document), management agreement, subscription agreement and side letters of each Fund (each, an "**Advisory Agreement**"). The Advisory Agreements of a Fund, along with any private placement memoranda and related materials are referred to herein collectively as the "**Offering Documents**" of such Fund.

The Firm's primary investment objective for each Fund is set forth in such Fund's Offering Documents. In accordance with a Fund's individual investment objectives, investments are primarily made in privately-held companies located in the United States as well as elsewhere (each such company is referred to herein as a "**Portfolio Company**," and collectively, the "**Portfolio Companies**").

Five Elms is affiliated with other entities that serve as general partner (each a "**General Partner**" and collectively the "**General Partners**") to each Fund. The advisory services of Five Elms and of the General Partners are described in this Brochure and in the Advisory Agreements applicable to a Fund, but generally consist of: investigating, identifying, and evaluating investment opportunities; structuring, negotiating, and making investments on behalf of the Funds; managing and monitoring the performance of such investments; and disposing of such investments. The information set forth herein regarding the investment advisory services provided by Five Elms shall also apply in respect of the General Partners unless specifically noted.

Five Elms provides investment advice directly to each Fund, subject to the discretion and control of the applicable General Partner, and not individually to the investors in the Funds. Such investors accept the terms of advisory services as set forth in a Fund's Advisory Agreements. The Firm expects to have broad investment authority with respect to the Funds and, as such, investors should consider whether the investment objectives of the Funds are in line with their individual objectives and risk tolerance prior to investing.

As of December 31, 2022, Five Elms manages \$1,612,601,780 in regulatory assets on a discretionary basis. The Firm does not manage any assets on a non-discretionary basis.

ITEM 5. FEES AND COMPENSATION

A. Management Fees

As compensation for investment advisory services rendered to the Funds, Five Elms generally receives from each such Fund an advisory fee (each, a “**Management Fee**”) typically calculated based on committed capital, remaining invested capital, or fair market value with respect to such Fund. Management Fees are generally reduced during the life of a Fund. Management Fees paid by a Fund are also reduced by certain other fees or compensation received by the Firm or its affiliates that relate to such Fund’s activities and investments, or by certain organizational or other expenses borne by such Fund, as described in more detail below. Management Fees paid by a Fund are indirectly borne by investors in such Fund.

Management Fees vary Fund by Fund, a portion of which are either payable quarterly or semi-annually in advance. Management Fees are generally deducted directly from each Fund’s account and are generally borne by each Fund’s third-party investors. Upon termination of a Fund’s Advisory Agreements, Management Fees that have been prepaid are generally returned on a prorated basis.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund are established by the Firm and are set forth in such Fund’s Advisory Agreements received by each investor prior to investment in such Fund. The Management Fees and other fees and distributions described herein are generally subject to modification, waiver, or reduction by the Firm in its sole discretion, both voluntarily and on a negotiated basis with selected investors via side letter and other arrangements, which may not be disclosed to other investors in the same Fund. Fees differ from one Fund to another, as well as among investors in the same Fund. Funds pay different Management Fee rates and certain Funds do not pay Management Fees.

If and to the extent that certain fees or other remuneration (such fees, “**Other Fees**”) from a Portfolio Company of a Fund are received by the Firm, a General Partner, certain other affiliated entities, or certain personnel of the Firm, and subject to pro-rata if another Fund (including a Fund that does not pay Management Fees) also has an investment in the applicable Portfolio Company, then such Other Fees generally trigger a Management Fee offset (pursuant to which the Management Fee payable by such Fund would be reduced) subject in all respects to the provisions of such Fund’s Advisory Agreements. However, by way of example and not in limitation of any Fund’s Advisory Agreements, such offset provisions generally do not apply to (and therefore a Fund will not benefit from) fees or other remuneration received from Portfolio Companies of a Fund by personnel of the Firm acting in an executive or officer role at a Portfolio Company or fees and remuneration paid to an Operating Advisor (as defined below).

B. Expenses

Fund Expenses

If and to the extent permitted by the Advisory Agreements and other Offering Documents of a Fund, such Fund will bear all expenses relating to it to the extent not borne by its actual or prospective Portfolio Companies, including, without limitation: (i) Organizational Expenses (as defined below); (ii) all costs and expenses incurred in identifying, investigating, developing, negotiating, structuring, acquiring, sourcing, trading, settling, monitoring, tracking and holding portfolio investments (whether or not consummated), including all commission, brokerage, placement, underwriting, registration, legal, tax, accounting, professional and consulting fees and expenses, including any and all Operating Advisor costs, fees and expenses in connection therewith and the costs and expenses of any associated “search”, “roll-up” or acquisition company, and travel expenses (including car and ride-sharing services, first and business class and non-commercial travel and other modes of transportation), accommodations and meals in connection therewith; (iii) costs and expenses of third-party appraisals of prospective portfolio investments (whether or not consummated); (iv) broken-deal costs and expenses; (v) brokerage and finders’ fees and commissions, custodial expenses, depositories, agent bank and other bank service fees and all expenses related to investing the Fund’s cash reserves; (vi) the Fund’s allocable costs and expenses of the Firm and its affiliates organizing, hosting and/or facilitating conferences of current and former Operating Advisors and senior executives and other similar personnel of former, actual, or prospective Portfolio Companies of the Fund and/or other investment vehicles sponsored by the Firm or its affiliates (including travel, lodging and meals); (vii) expenses of an Advisory Committee attributable to the Fund, including all costs related to the holding of meetings of the Advisory Committee (including travel, lodging and meals) and insurance for the members of the Advisory Committee and the investors they represent for the same purpose; (viii) payments to legal counsel, tax advisors, auditors, accountants, administrators, custodians, consultants and other outside advisors for services rendered and all other professional fees, costs and expenses (including relating to legal, advisory, regulatory, appraisal, valuation and compliance services rendered) incurred by or for the benefit of the Fund, its General Partner and/or the Firm, in each case with respect to the Fund, including all costs of operating entities related to the carried interest to the extent such costs and expenses were incurred with respect to the General Partner or the general partner of the General Partner and all costs and expenses in connection with the Fund’s legal and regulatory compliance with U.S. federal, state, and local, non-U.S. or other laws and regulations applicable to the Fund generally or resulting from its activities (including, by way of example only, CFIUS, the Foreign Account Reporting Regimes, Form PF and any applicable anti-money laundering or “know your customer” laws, and the preparation and administration of any reports, disclosures, filings or notifications prepared in accordance with the foregoing) or related to compliance with the provisions of the Advisory Agreements (including any side letter or similar agreements); (ix) all extraordinary professional fees incurred in connection with the business, management or restructuring of the Fund or the General Partner, including investment banking, commercial banking, legal, tax, accounting, auditing, valuation and appraisal fees and expenses; (x) the Management Fee; (xi) director and officer liability, cybersecurity or other insurance relating to the affairs of the Fund; (xii) analytical, investor relations, database, market data and research-related costs and expenses, including software, subscriptions, licenses and services; (xiii) other expenses related to the purchase, monitoring, sale, settlement, custody or transmittal of Fund assets, including expenses incurred in connection with the managed distribution of marketable securities; (xiv) all costs of any investigation, litigation or threatened litigation, or extraordinary expense or liability relating to the business or activities of the Fund or its General Partner,

including the costs of prosecuting or defending any legal, regulatory, administrative or other action (including settlement or review of business activities) of, for or against the Fund, its General Partner, the Firm or any of their respective affiliates relating to the affairs of the Fund including all indemnification obligations; (xv) all expenses incurred in connection with the securing of financing, including but not limited to the arranging, negotiation, structuring, entering into, amending and all other documentation of agreements with one or more lenders, all principal and interest and other expenses for borrowed money, and all other fees and expenses arising out of, all permitted borrowings and guarantees made by the Fund; (xvi) taxes, fees or government charges that may be assessed against the Fund; (xvii) any extraordinary expense of the Fund, including fees and expenses associated with any tax or other audit, investigation, settlement or review of the Fund; (xviii) dissolution and liquidation expenses of the Fund; (xix) all expenses incurred in connection with any restructuring or amendments to the constituent documents of the Fund and related entities, including its General Partner; (xx) all expenses incurred in connection with the formation of special purpose vehicles, including any “AIVs” or “search companies” organized by or for one or more Operating Advisors (including all costs and expenses related to the presence of the Fund or any “AIVs” or other special purpose vehicles in jurisdictions in which such entities or their subsidiaries maintain such a presence, including rent, domiciliation fees, directors fees and other similar costs); (xxi) expenses of annual and special meetings of the investors (including travel, lodging and meals), *provided*, that the travel expenses of the Limited Partners shall not be chargeable to the Fund; (xxii) costs of preparing financial statements, reports and other information and delivering the same to the investors, governmental authorities or self-regulatory organizations, including but not limited to web portal and other technology costs, as well as tax returns and Schedule K-1s; (xxiii) and all other expenses properly chargeable to the activities of the Fund or otherwise approved by its Advisory Committee. To the extent any of the foregoing costs or expenses are paid or advanced by the Firm, the Fund’s General Partner or their affiliates, as the case may be, such costs and expenses shall be reimbursed by the Fund.

Moreover, each Fund shall be charged with all costs and expenses pertaining to the offering and sale of interests to prospective investors and the organization of each Fund and its General Partner, as disclosed in each Fund’s Advisory Agreements (“**Organizational Expenses**”).

In addition, Five Elms at times engages or employs one or more individuals with significant industry, domain, transactional, investment, operating or other experience to assist with sourcing investment opportunities, conducting due diligence, facilitating transaction execution, and overseeing or providing special services to one or more Portfolio Companies held by the Funds (the “**Services**”), including by serving as an executive of or consultant to one or more Portfolio Companies of the Funds (each, an “**Operating Advisor**”). If and to the extent permitted under a Fund’s Advisory Agreements and other Offering Documents, any and all compensation, fees and expenses associated with the Operating Advisors and the Services will be paid and/or reimbursed by applicable Portfolio Companies and/or the Funds and therefore constitute a direct or indirect expense of the Funds and not the Firm.

Firm Expenses

The Firm will bear any expenses that relate to operating the Firm that are not borne by the Funds as set forth above (subject to a Fund's Advisory Agreements and other Offering Materials). In addition, any Organizational Expenses with respect to a Fund in excess of any "cap" established by the Firm and set forth in such Fund's Advisory Agreements, together with any placement agent fees paid by each Fund, shall offset Management Fees payable by the Fund to the Firm (such that the Firm bears Organizational Expenses in excess of such cap and all placement agent fees).

Portfolio Company Expenses

Expenses of Portfolio Companies are paid by the applicable Portfolio Companies and are not borne by the Funds directly. Such expenses include, from time to time, (i) expenses of consultants and Operating Advisors engaged by the Firm on behalf of a Portfolio Company, (ii) any expenses initially borne by the Firm or a Fund and reimbursed by the Portfolio Company, and (iii) any other expenses incurred by the Portfolio Companies.

Co-Investor and Co-Investment Vehicle Expenses

The Firm from time to time provides opportunities to co-invest with a Fund to third parties, which include (without limitation) some or all of the following: investors in the Funds (or persons or entities associated with investors), strategic investors who can add important business development relationships or other value to Portfolio Companies, private equity and other investment firms and individuals from the Firm's ecosystem ("**Co-Investors**"). In addition, in certain instances, the Firm permits certain personnel of the Firm to co-invest alongside a Fund. Co-investments are made directly in the applicable Portfolio Company or through co-investment vehicles formed by the Firm or its affiliates for the purposes of making such co-investment.

In the event that a proposed co-investment opportunity in a new or existing Portfolio Company is not consummated but certain costs and expenses have been incurred by a Fund in pursuit of such investment opportunity, including (without limitation), legal, financial, travel, and other business diligence costs and expenses ("**Dead Deal Costs**"), such Dead Deal Costs generally will be paid solely by the applicable Fund and it is expected that any potential Co-Investors or co-investment vehicle will not bear any portion of such Dead Deal Costs.

If a co-investment does close, the portion of unreimbursed expenses incurred by the applicable Fund in connection with the ongoing monitoring of its investment in the applicable Portfolio Company and any other unreimbursed expenses incurred by the Fund with respect to such investment that are payable by the Co-Investors or any co-investment vehicle (if any) will be determined on a case-by-case basis and in accordance with the relevant Fund's Advisory Agreements; provided that, other than in the case of a co-investment vehicle, such costs and expenses generally will be paid solely by the Fund and it is not expected that any Co-Investors will bear any portion of such costs and expenses. In the case of a co-investment vehicle, unreimbursed transaction expenses in connection with a consummated investment and other reasonably anticipated expenses (to the extent not reimbursed) would typically be shared between the applicable Fund and a co-investment vehicle pro-rata based on the relative amounts invested to the extent practicable. Other than as provided in the prior sentence or as set forth in a Fund's Advisory Agreements, the Firm will have no obligation to cause Co-Investors or a co-investment

vehicle to bear any costs or expenses incurred by a Fund or to bear any particular portion of such costs or expenses (and will have no obligation to pro rate or otherwise reduce the amount paid by a Fund in respect of any such costs or expenses to take into account the co-investment). In addition, in the event a co-investment vehicle is created, the investors in such co-investment vehicle will typically bear all expenses related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle.

Allocation of Expenses

From time to time the Firm will be required to decide whether certain fees, costs, and expenses should be borne by a Fund, on the one hand, or the Firm on the other hand, and whether certain fees, costs, and expenses should be allocated between or among Funds and other parties. Certain expenses will be incurred that are attributable to multiple Funds (including in connection with Portfolio Companies in which Funds have overlapping investments and in connection with the general operation or administration of such entities). The allocation of such expenses among such entities raises potential conflicts of interest.

Funds, from time to time, co-invest with other Funds in investment opportunities. In addition, certain Funds could, in certain circumstances, be established to facilitate the co-investment by Co-Investors alongside other Funds, either in a single investment opportunity or in all investment opportunities made by such other Funds. Any fees, Carried Interest (as defined below) or other compensation received by the Firm or its affiliates from any Funds established to co-invest with other Funds will not offset the Management Fee payable by the applicable other Fund or otherwise benefit such other Fund or its investors.

To the extent not allocated to a Portfolio Company, the Firm will allocate fees and expenses incurred in the course of evaluating and making investments that are consummated between Funds in accordance with each Fund's Advisory Agreements or, to the extent not addressed in such Advisory Agreements, as determined by the Firm in its good faith but sole discretion, taking into account such factors that it determines to be relevant for a particular expense. If multiple Funds evaluate a potential investment that is not consummated, the Firm will allocate Dead Deal Costs in accordance with each Fund's Advisory Agreements or, to the extent not addressed in such Advisory Agreements, the Firm generally allocates the applicable Dead Deal Costs among such Funds based on the anticipated investment of each Fund. As discussed above, such Dead Deal Costs typically are not allocated to co-investment vehicles or other Co-Investors and will be paid solely by the applicable Fund(s).

Certain expenses (e.g., insurance premiums) will be incurred for the benefit of both the Firm itself, on the one hand, and one or more Funds, on the other hand. Apportionment of such expenses involves a conflict of interest. To the extent not addressed in the Advisory Agreements of a Fund, the Firm will make any such allocation determination in a fair and reasonable manner using its good faith but sole discretion, notwithstanding its interest (if any) in the allocation. The Firm will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to a Fund for a particular service may not reflect the relative benefit derived by such Fund from that service in any particular instance.

Brokerage Fees

Although the Firm does not generally utilize the services of broker-dealers to effect portfolio transactions for the Funds, in the event that it chooses to use a broker-dealer for limited purposes relating to a particular Fund, such Fund will incur brokerage and other transaction costs. For additional information regarding brokerage practices, please see Item 12 below.

The foregoing information concerning expenses and their application to a Fund is subject in all respects to such Fund's Advisory Agreements and other Offering Documents.

Please refer to Item 6 regarding Carried Interest that the Funds may pay.

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

As mentioned in Item 5 of this Brochure, the Firm is entitled to receive performance-based fees, in the form of a portion of a Fund's profits distributable to its General Partner as "**Carried Interest**". Five Elms is entitled to receive Carried Interest distributions from the Funds based on the profitability of each Portfolio Company investment, as further described in each Fund's Advisory Agreements.

Carried Interest paid by a Fund is indirectly borne by investors in such Fund. Certain Funds and/or investors in such Funds can incur lower or no Carried Interest from time to time. Firm personnel generally invest in the Funds indirectly through the Funds' General Partners, and therefore will generally not pay Carried Interest with respect to their indirect investments in the Funds.

The payment by some, but not all, Funds of Carried Interest or the payment of Carried Interest at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for the Firm to disproportionately allocate time, services, and functions to Funds paying Carried Interest or Funds paying Carried Interest at a higher rate, or allocate investment opportunities to such Funds. Generally, and except as otherwise set forth in the Advisory Agreements of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, and (ii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by the Firm.

ITEM 7. TYPES OF CLIENTS

The Firm currently provides investment supervisory services to the Funds. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partner of each such Fund, if applicable) and not individually to investors in such Fund.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the Investment Company Act. Investors in Funds are generally “qualified purchasers” as defined in the Investment Company Act, and include, among others, high net worth individuals, banks, thrift institutions, pension and profit sharing plans, trusts, estates, charitable organizations, university endowments, corporations, limited partnerships, and limited liability companies or other entities.

The Firm does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. Minimum investment amounts (if any) are set forth in each Fund’s Advisory Agreements. However, the General Partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in its Advisory Agreements.

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

Five Elms seeks to invest in fast-growing B2B software businesses outside of Silicon Valley. These investments will be made primarily in equity and/or debt securities with equity-like features in growing private companies.

Five Elms spends a considerable amount of time sourcing deals and maintaining a vast outreach program. The overall process allows the Firm to focus its efforts on the most interesting business opportunities.

A full description of the Firm's investment strategy and processes with respect to a particular Fund are included in such Fund's Advisory Agreements and other Offering Documents.

Listed below are some of the risks associated with an investment in one or more Funds. The following explanation of certain risks is not exhaustive, but rather highlights some of the more significant risks involved in each Fund's investment strategies. For a complete explanation of the Funds' relevant investment strategies and their associated risks, investors should review the relevant Advisory Agreements and other Offering Documents, which contain additional explanations of strategies, risks and other related details not discussed below. For the avoidance of doubt, each of the following risks may be applicable to all or only certain Funds advised by Five Elms; please refer to the relevant Advisory Agreements and other Offering Documents of the Funds in which you are an investor for additional information.

Risks Associated with Portfolio Investments. Identifying and participating in attractive investment opportunities and assisting in the building of successful growth companies is difficult. The types of investments that the Funds anticipate making involve a high degree of risk. In general, financial and business risks confronting Portfolio Companies can be significant. While targeted returns are generally expected to reflect the perceived level of risk in any investment situation, there can be no assurance that the Funds will be adequately compensated for risks taken. A loss of an investor's entire investment is possible. The timing of profit realization is highly uncertain. Losses are likely to occur early in the Funds' term, while successes often require a long maturation. There is no assurance that the Funds' investments will be profitable and there is a substantial risk that the Funds' losses and expenses will exceed its income and gains. Any return on investment to the investors will depend upon successful investments made on behalf of the Funds by Five Elms. There generally will be little or no publicly available information regarding the status and prospects of Portfolio Companies. Many investment decisions by the Firm will be dependent upon the ability of its partners and agents to obtain relevant information from non-public sources, and the Firm often will be required to make decisions without complete information or in reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the Firm's control. Typically, although at times Five Elms personnel or an Operating Advisor serve on a Portfolio Company's board of directors, each Portfolio Company will be managed by its own officers (who generally will not be affiliated with the Funds or Five Elms). The Funds may hold minority positions in Portfolio Companies or acquire securities that are subordinated vis-à-vis other securities as to economic, management or other attributes.

Portfolio Companies can have substantial variations in operating results from period to period, face intense competition, and experience failures or substantial declines in value at any stage. New technological developments can have a negative effect on a Portfolio Company's products and business. Portfolio Companies can need substantial additional capital to support growth or to achieve or maintain a competitive position. Such capital may not be available on attractive terms. The Funds' capital is limited and may not be adequate to protect the Funds from dilution in multiple rounds of Portfolio Company financings. The public market for software and software-enabled and related companies and other growth companies is extremely volatile. Such volatility can adversely affect the development of Portfolio Companies, the ability of the Funds to dispose of investments, and the value of investment securities on the date of sale or distribution by the Funds. In particular, the receptiveness of potential acquirers to the Funds' Portfolio Companies will vary over time and, even if a Portfolio Company investment is disposed of via a merger, consolidation or similar transaction, the Funds' stock, security or other interests in the surviving entity may not be marketable. There can be no guarantee that any Portfolio Company investment will result in a liquidity event via a merger, acquisition or otherwise, and there is a significant risk that the Funds' investments will yield little or no return. The securities in which each Fund will invest can be among the most junior in a Portfolio Company's capital structure and, thus, subject to the greatest risk of loss. Generally, the investments made by each Fund will be illiquid and difficult to value, and there will be little or no collateral to protect an investment once made. In most cases, investments will be long term in nature and could require many years from the date of initial investment before disposition. It is likely that the Funds will still hold some illiquid securities at the time of the Funds' dissolution, with the result that such securities can be distributed in-kind or sold for a discounted price that reflects their illiquid nature.

Risk Inherent in Growth Equity Investments. The Funds' Portfolio Companies generally will be developing companies in industry sectors that entail significant operating risk. Many of the Funds' Portfolio Companies will be at a relatively early stage of development which typically involve greater risks than are generally associated with investments in more established companies. Although such investments tend to be less risky than seed or other early-stage venture capital-backed companies, the Funds' investments will involve significant financial and business risks. Such companies will have shorter operating histories on which to judge performance and, in many cases, will operate with limited profits, at breakeven or at a loss, or with substantial variations in operating results from period to period. The Funds' Portfolio Companies will often have limited operating histories and products or services with undeveloped markets. Many of the Funds' Portfolio Companies will need substantial additional capital (which may not be available) to support additional research and development activities, expansion, to develop new products, services and distribution capabilities or to achieve or maintain a competitive position. Such companies face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. The Funds' Portfolio Companies are also likely to be more susceptible than more established businesses to the negative effects of downturns in general economic conditions or loss of a single or a small number of employees.

Concentration of Investments. The Funds' portfolio may become concentrated in a limited number of investments, increasing the vulnerability of the portfolio as compared to a portfolio that is more diversified.

Long-Term Investment. An investment in the Funds is a long-term commitment, and there is no assurance of any distribution to the investors.

Limited Transferability of Interests; Withdrawals. An investment in the Funds should be viewed as illiquid. The Offering Documents and applicable securities laws will impose substantial restrictions upon the transferability of Fund interests. There is no public or other market for Fund interests, and it is not expected that such a market will develop. Withdrawal of investors from the Funds generally will not be permitted, although the Offering Documents of certain Funds specify certain circumstances under which an investor could be entitled, or required, to withdraw from the Funds. A withdrawn investor is generally not entitled to immediate payment for its interest in the Funds. Any withdrawal of an investor can reduce the amount of Funds' capital available for investment or other activities.

Bridge Financings. From time to time, the Funds lend to Portfolio Companies, including on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Funds' control, such long-term securities may not issue and such bridge loans may remain outstanding. In such an event, the interest rate on such loans may not adequately reflect the risk associated with the unsecured position taken by the Funds.

Leverage. Although the Funds do not intend to borrow except on a short-term basis, Portfolio Companies in which the Funds invest can borrow without limitation. While leverage presents opportunities to increase the Funds' total return, it has the effect of potentially increasing losses as well. If the income of such Portfolio Companies is less than the required interest payments on the borrowings, the value of the Portfolio Companies, and thus of the Funds' net assets, can decrease or, in extreme cases, the lender could foreclose on the Portfolio Company and the Funds could suffer a total loss. In certain cases and subject to the applicable limitations in the Offering Documents, the Funds can guarantee borrowings by Portfolio Companies. Such guarantees could result in additional losses for the Funds with respect to such Portfolio Companies and could cause the Funds to reserve cash to support such guarantees that it might otherwise use for different purposes. Accordingly, any event that adversely affects the value of an investment by the Funds can be magnified to the extent that a Portfolio Company in which the Funds invest is leveraged.

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

General Economic and Political Conditions; Changes in Environment. Changes in legal, tax, fiscal and regulatory regimes could occur during the life of the Funds that may have an adverse effect on the Funds. The Funds may not be permitted to, or be able to, make adjustments in its structure or investment program in order to adapt to such changes. Five Elms will have the exclusive right and authority (within the limitations set forth in the Offering Documents) to determine the manner in which the Funds shall respond to such changes, and investors generally will have no right to withdraw from the Funds or to demand specific modifications to the Funds' operations in consequence thereof. Interest rates, inflation, general levels of economic activity, the price of securities and participation by other investors in the financial markets may affect the value and number of investments made by the Funds. Instability in the securities markets may affect the value of the Funds' Portfolio Company investments, as well as the length of time such investments are held. A sustained period of inactivity and/or low valuations in the public equity markets could result in substantially lower liquidation values and substantially longer periods before liquidity is achieved in comparison with historical values, which would reduce the returns that could be achieved by the Funds. Political unrest, war and acts of terrorism may also increase the risks inherent in the Funds' investments. Due to the illiquidity of the Funds' investments, the Funds will have limited ability to adapt to any such changes in the economic environment or mitigate any corresponding losses. Prospective investors are particularly cautioned that the investment sourcing, selection, management and liquidation strategies and procedures exercised by employees of Five Elms in the past may not be successful, or even practicable, during the Funds' term. Within the limitations set forth in the Offering Documents, Five Elms will have the right and authority to cause the Funds' investment sourcing, selection, management and liquidation strategies and procedures to deviate from current practices.

Additionally, the SEC has indicated that it intends to seek to enact changes to numerous areas of law and regulations that would impact the business of Five Elms and the Funds. In recent years, the SEC's stated examination priorities and published observations from examinations have included, among other things, private equity firms' collection of fees and allocation of expenses, their marketing and valuation practices, allocation of investment opportunities, terms agreed in side letters and similar arrangements with investors, consistency of firms' practices with disclosures, handling of material non-public information and insider trading, purported waivers or limitations of fiduciary duties and the existence of, and adherence to, policies and procedures with respect to conflicts of interest.

In particular, the SEC has signaled an increased emphasis on investment adviser and private fund regulation and has proposed a number of new rules that, if adopted, would impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose additional changes in the future. Any such changes could materially impact Five Elms and its affiliates, the Funds and/or their investments, as well as increase their respective expenses. The scope and timing of any final rules and amendments with respect to these proposals is unknown. If adopted, even with modification, these rules and amendments would be expected to significantly increase compliance burdens and associated regulatory costs and complexity and reduce the ability for sponsors of private funds to receive certain expense reimbursements or indemnification in certain circumstances. This, in turn, would be expected to increase the need for

broadier insurance coverage by fund managers and increase the costs and expenses charged to the Funds and their investors. In addition, these new rules could increase the risk of exposure of the Funds, the General Partners and Five Elms to additional regulatory scrutiny, litigation, censure and penalties for noncompliance or perceived noncompliance, which in turn would be expected to adversely (potentially materially) affect Five Elms and the Funds' reputation, and to negatively impact the Funds in conducting their business (thereby materially reducing returns to investors). Further, as these changes could impose limitations regarding preferential treatment of investors in private funds, the General Partners and their affiliates could potentially be prohibited from complying with certain side letter provisions and thereby deprive Limited Partners of the previously negotiated benefits of such agreements. 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.

Bankruptcy of Portfolio Companies. The Funds may make investments in Portfolio Companies that experience financial difficulties and become insolvent or file for bankruptcy protection. There are a number of risks inherent in the bankruptcy process, including, for example, the effects of litigation between the creditors and debtor, the duration of the bankruptcy proceedings and the tangible and intangible costs to the Portfolio Company. Further, various U.S. federal and state and non-U.S. laws in connection with such bankruptcy proceedings could operate to the detriment of the Funds. There is also a risk that a court will subordinate the Funds' investments to other creditors or require the Funds to return amounts previously paid to it by a Portfolio Company that has become insolvent or filed for bankruptcy, a risk that could increase if the Funds have management rights in such Portfolio Company.

Reliance on Individuals of the Firm. The Funds will be particularly dependent upon the efforts, experience, contacts, and skills of the individual employees of the Firm and in particular its senior investment personnel. The loss of any such individual could have a material, adverse effect on the Funds, and such loss could occur at any time due to death, disability, resignation or other reasons.

Reliance on Third Parties. Five Elms and the Funds will require, and rely upon, the services of a variety of third parties, including but not limited to attorneys, accountants, brokers, custodians, consultants, and other agents. Failure by any of these third parties to perform their duties or otherwise satisfy their obligations to the Funds could have a material adverse effect upon the Funds.

Fund Expenses. Pursuant to the Advisory Agreements, the Funds will pay and bear all expenses related to their operations. The amount of these fund expenses will be substantial and will reduce the actual returns realized by Limited Partners on their investment in the Funds (and may, in certain circumstances, reduce the amount of capital available to be deployed by the Funds in investments). Fund expenses include recurring and regular items, as well as extraordinary expenses for which it may be hard to budget or forecast. As a result, the amount of fund expenses ultimately called or called at any one time may exceed expectations. As described further in the Advisory Agreements, fund expenses encompass a broad swath of expenses and include all expenses of operating the Funds. Although organizational expenses of the Funds are separately categorized and subject to a limit under the Advisory Agreements, ongoing fund expenses not classified as organizational

expenses include costs that relate to organizational matters, such as costs and expenses of administering side letters entered into with Limited Partners. Expenses to be borne by the General Partners and/or Five Elms are only limited to those items specifically enumerated in the Advisory Agreements (such as rent for office space, office furniture and salaries of its employees), and all other costs and expenses in operating the Funds will be borne by the Funds, and thus the Limited Partners. From time to time, the General Partners will be required to decide whether costs and expenses are to be borne by the Funds, on the one hand, or the General Partner and Five Elms, on the other, and/or whether certain costs and expenses should be allocated between or among the Funds, on the one hand, and other investment vehicle advised by Five Elms and its affiliates, on the other. The General Partners will make such judgments notwithstanding their interest in the outcome and may make corrective allocations should, based on periodic reviews, they determine that such corrections are necessary or advisable.

Capital Calls. Capital calls will be issued by the Fund from time to time at the discretion of the Firm, based upon the Firm's assessment of the needs and opportunities of the Funds. To satisfy such calls, investors may need to maintain a substantial portion of their capital commitments in assets that can be readily converted to cash. Except as specifically set forth in the Advisory Agreements of a particular Fund, each investor's obligation to satisfy capital calls to such Fund will be unconditional. Without limitation on the preceding sentence, an investor's obligation to satisfy capital calls will not in any manner be contingent upon the performance or prospects of the Funds or upon any assessment thereof provided by the Firm. Notwithstanding the foregoing, Five Elms will not be obligated to call 100% of the investors' capital commitments during each Fund's term.

Non-U.S. Investments. The Funds invest in securities of non-U.S. Portfolio Companies. Such investments can present a variety of risks not presented by investments in U.S. Portfolio Companies, including risks associated with: (i) fluctuating currency exchange rates; (ii) limitations on currency exchange or the transfer of capital/profits across international boundaries; (iii) different accounting standards; (iv) different legal protections for investors; (v) unusual regulatory burdens; (vi) political instability; and (vii) multiple taxing jurisdictions.

Even those Portfolio Companies that nominally are U.S. Portfolio Companies by virtue of their jurisdiction of organization or management headquarters can be exposed to significant non-U.S. risks due to the increasingly international nature of many software and software-enabled companies, which, for example, (i) rely upon international locations for certain internal or outsourced operations; (ii) seek alliances with non-U.S. partners; or (iii) seek non-U.S. customers.

Any adverse change to the political, economic, military or social environments in the host countries of the Funds' Portfolio Companies could have a significant adverse effect upon the operations or financial performance of the Funds.

Investments in Public Companies. Some of the Funds' Portfolio Companies will, from time to time, become public companies following an initial public offering. Investments in public companies subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include, without limitation, greater volatility

in the valuation of such companies from quarter to quarter, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities at certain times (including due to the possession by the Funds or the Firm of material non-public information or trading restrictions applicable to representatives of the Firm serving on the board of directors and, by extension, the Funds), increased likelihood of shareholder litigation against such companies' board members, which may include representatives of Five Elms, regulatory action by the SEC and increased costs associated with each of the aforementioned risks.

Impact of Disease Epidemics.

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

The COVID-19 outbreak caused a worldwide public health emergency, straining healthcare resources and resulted in extensive and growing numbers of infections, hospitalizations and deaths. In an effort to contain COVID-19, national, regional and local governments, as well as private businesses and other organizations, took severely restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including “stay-at-home” and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. As a result, COVID-19 significantly diminished global economic production and activity of all kinds and contributed to both volatility and a severe decline in all financial markets.

Even though the spread of the COVID-19 virus itself is substantially contained and economies are “re-opened,” it is difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

A future public health emergency could have a significant adverse impact and result in significant losses to the Funds. The extent of the impact on the Funds and the operational and financial performance of their Portfolio Companies will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. It may also impair the ability of Portfolio Companies of the Funds or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their Portfolio Companies, the General Partners and Five Elms may be significantly impacted, or even temporarily or permanently halted, as a result of government quarantine measures, restrictions on travel and movement, remote-working requirements and other factors related to a public health emergency, including its potential adverse impact on the health of any

such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

Russian Invasion of Ukraine. In February 2022, Russian President Vladimir Putin ordered the Russian military to invade regions in Ukraine. In response, the United States, United Kingdom, and European Union imposed sanctions designed to target the Russian financial system. Russia's invasion of Ukraine and related sanctions have led to increased oil and natural gas prices and supply chain disruptions. The increasing international sanctions could continue to have a negative impact on the economy and business activity globally for an uncertain period of time, and therefore could adversely affect the performance of the investments of the Funds. Furthermore, given the ongoing nature of the conflict between the nations and its ongoing escalation, it is difficult to predict the conflict's ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the investment performance of the Funds.

Inflation. The market value of the Funds' investments could potentially decline in times of higher inflation rates. Some of the Funds' investments could have income linked to inflation, whether by regulation or contractual arrangement or other means. If the Funds are unable to increase the revenue and profits of their investments at times of higher inflation, they could be unable to pay out higher distributions to the Limited Partners to compensate for the relative decrease in the value of money, thereby affecting the expected return of investors. Concerns over inflation have also led to increased economic instability, declines in consumer confidence, discretionary spending, diminished expectations for the global economy and expectations of slower global economic growth. Five Elms may be adversely affected by any such economic instability or unpredictability.

Rising Interest Rates. If market interest rates worsen or do not improve, it may become more difficult and costly for the Funds and their Portfolio Companies to complete debt or equity financings. Rising interest rates could limit the ability of the Portfolio Companies to refinance existing debt when it matures or cause them to pay higher interest rates upon refinancing, which would adversely impact liquidity and profitability of the Funds. Moreover, an increase in interest rates could decrease the access third parties have to credit or the amount they are willing to pay for the assets of the Funds.

Impact of the Silicon Valley Bank Failure. On March 10, 2023, after depositors rushed to withdraw funds from Silicon Valley Bank ("SVB"), SVB was closed by the California Department of Financial Protection and Innovation ("DFPI"), and the Federal Deposit Insurance Corporation ("FDIC") was named receiver of the closed bank. On March 12, 2023, Secretary of the Treasury Janet L. Yellen, Federal Reserve Board Chair Jerome H. Powell, and FDIC Chairman Martin J. Gruenberg announced, after receiving a recommendation from the boards of the FDIC and the Federal Reserve, and consulting with the President Biden, approved actions enabling the FDIC to complete its resolution of SVB, in a manner Secretary Yellen described that would fully protect all depositors and give them access to all of their money starting March 13, 2023. A similar

resolution was announced with respect to Signature Bank, New York, New York (“**Signature Bank**”), which was closed on March 12, 2023 by its state chartering authority.

While the immediate issues resulting from the failures of SVB and Signature Bank appear to have been mitigated, the instances of such banking failures can and are resulting in market volatility and disruption, and any such future emergencies have the potential to create materially adverse impacts on economic production and activity in ways that cannot be predicted, all of which may result in substantial losses to the Funds.

The ultimate impact of such banking failures and the resulting lack of confidence in the global financial markets on global economic conditions, and on the operations, financial condition, and performance of any particular industry or business, is impossible to predict. However, potential additional materially adverse effects, including a global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible. Even if SVB’s and Signature Bank’s failures are isolated, it will be difficult to assess what the longer-term impacts of an extended period of unprecedented economic dislocation and disruption will be on future macro- and micro-economic developments, the health of certain industries and businesses, and commercial and consumer behavior.

Insurance Limitations. Uninsured and underinsured losses at the fund-level or investment-level could harm the overall financial condition, operations and ability of the Funds to make distributions to their Limited Partners. Certain types of losses generally are either uninsurable or subject to insurance coverage limitations. If an uninsured loss or a loss in excess of insured limits occurs, the Funds could lose all or a portion of the capital they have invested in an investment, as well as the anticipated future revenue from the investment. In addition, any insurance proceeds the Funds and/or their investments receive might be inadequate to restore their economic position on the damaged or destroyed investment.

Controlling Investments. A portion of a Fund’s portfolio may be comprised of investments in Portfolio Companies in which the Fund owns a significant portion of the issued and outstanding securities, including ownership and/or control positions which represent at least a majority of a Portfolio Company’s voting securities. These investments may entitle the Funds to elect a majority of a Portfolio Company’s directors and exert significant influence over a Portfolio Company’s business, operations, affairs and transactions. These capabilities could lead the Funds to be viewed as controlling a Portfolio Company or being considered a controlling stockholder. As a result, the Funds could be exposed to claims, lawsuits or investigations by minority stockholders, creditors, government or regulatory authorities or other persons. In the event any such claims were successful, the Funds could be held liable for any damages that are awarded or be required to fund any settlement with such parties. Even if such claims, lawsuits or investigations prove to be without merit, the Funds would be required to expend significant resources defending itself and its affiliates. In addition, the Funds’ reputation and goodwill may be harmed if it is considered a controlling stockholder of a Portfolio Company that is subject to negative publicity.

Minority and Non-Controlling Investments. A portion of the Funds’ investments represent minority stakes in privately held companies (and/or hold positions in Portfolio Companies where

disproportionate voting control (relative to economic ownership) remains with such Portfolio Companies' founders) and, therefore, will have a limited ability to control various strategic decisions for those Portfolio Companies. In addition, during the process of exiting investments, the Funds may hold minority equity stakes if portfolio holdings are taken public. Although the Fund will generally seek representation on the board of directors of its Portfolio Companies, the Fund also invests in companies for which the Funds have no right to appoint a director or otherwise exert significant influence. In such cases, the Funds will be reliant on the existing management and board of directors of such companies, which generally include representatives of other financial investors with whom the Funds are not affiliated and whose interests may conflict with the interests of the Funds. To the extent that the management of a Portfolio Company performs poorly, or if a key manager of a Portfolio Company terminates his or her employment with such company, the Funds' investment in such company could be adversely affected. In addition, where the Funds hold a minority position in a Portfolio Company, the Funds will likely also have limited information rights with respect to such Portfolio Company and thus will receive less information regarding such Portfolio Company than some or all of its other equity holders.

Risks in Effecting Operating Improvements. In some cases, a Fund's investment strategy will depend, in part, on its ability to restructure and effect improvements in the operations of a Portfolio Company. The activity of identifying and implementing restructuring programs and operating improvements at Portfolio Companies entails a high degree of uncertainty. There can be no assurance that the Funds will be able to successfully identify and implement such restructuring programs and improvements.

Investments in Restructurings. The Funds may make investments in restructurings that involve Portfolio Companies that are experiencing or are expected to experience financial difficulties. These financial difficulties may never be overcome and may cause such Portfolio Companies to become subject to bankruptcy proceedings. As such, these investments could subject the Funds to certain additional potential liabilities that may exceed the value of their original investment therein. For example, under certain circumstances, payments to the Funds and distributions by the Funds to investors may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance, a preferential payment or a similar transaction under applicable bankruptcy and insolvency laws. In addition, under certain circumstances, a lender that has inappropriately exercised control of the management and policies of a debtor may have its claims subordinated or disallowed or may be found liable for damages suffered by parties as a result of such action.

Investments with Third Parties. The Funds may be permitted to partner with third parties to make investments through joint ventures or other entities, including with private investment vehicles sponsored by others, strategic partners, and co-investments with Limited Partners and other third parties. Fund investments in Portfolio Companies alongside third parties may amount to a substantial percentage of a Fund's total assets. Such investments often involve risks not present in investments where third parties are not involved, including the possibility that a partner alongside a Fund in an investment experiences financial, legal or regulatory difficulties, may at any time have economic or business interests or goals which are inconsistent with those of such Fund, may take a different view from the applicable General Partner's as to the appropriate strategy for an investment or disposition of an investment, or may be in a position to take action contrary to a Fund's investment objectives.

In addition, the Funds may, in certain circumstances, be liable for the actions of their third party investment partner. In those circumstances where such third parties involve a management group, such third parties may receive compensation arrangements relating to the investment, including incentive compensation arrangements. Some of the third parties with whom the Funds may partner may have pre-existing investments with target Portfolio Companies, and the terms of such pre-existing investments may differ from the terms upon which a Fund invests in such Portfolio Companies. In addition, such arrangements are likely to involve additional restrictions on the resale of a Fund's interest in any such Portfolio Company.

Projections. Projected operating results of a company in which the Funds invest normally will be based primarily on financial projections prepared by each company's management. In all cases, projections are only estimates of future results that are based upon 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, the inaccuracy of certain assumptions, general economic conditions, and other factors, which are not predictable, can have a material impact on the reliability of projections.

Return of Distributions. Indemnification obligations and obligations to return proceeds to a Portfolio Company imposed on the Funds (including obligations that arise after the Funds' liquidation) could obligate investors to return certain distributions received from the Funds, as provided in the Offering Documents and under Delaware law.

Contingent Liabilities on Disposition of Investments. In connection with the disposition of its investments in Portfolio Companies, the Funds will generally be required to make representations about the business and financial affairs of any such investment typical of those made in connection with the sale of a business. The Funds will also generally be required to indemnify the purchasers of such investment to the extent that any such representations or representations made by the Portfolio Company are inaccurate. These arrangements generally result in the incurrence of contingent liabilities for which Five Elms may establish reserves and escrows. In that regard, a distribution of proceeds that might otherwise be made can either be delayed or withheld until such reserves are no longer needed. If any such distribution is made in lieu of being delayed and withheld and such representations prove to be inaccurate, the investors could be required to return such distribution to the Funds as provided in the Advisory Agreements of the applicable Fund.

Business Continuity and Disaster Recovery Risks. The Firm business operations will likely be vulnerable to disruption in the case of catastrophic events such as fires, natural disaster, terrorist attacks or other circumstances resulting in property damage, network interruption and/or prolong power outages. Although the Firm has implemented, or expects to implement, measures to manage risks relating to these types of events, there can be no assurances that all contingencies can be planned for. These risks of loss can be substantial and could have a material adverse effect on the Firm and investments therein.

Five Elms' BCP was developed and tested to provide protocols in an emergency such as COVID-19. These procedures are designed to limit disruption in services and maintain efficient and

effective operations. Five Elms has performed comprehensive Firm-wide business continuity and disaster recovery testing which has proven the Firm has a well-defined plan and its controls and policies are effective.

Cybersecurity Breaches. Five Elms and the Funds' Portfolio Companies depend heavily upon computer programs to perform necessary business functions. Although Five Elms has implemented, and Portfolio Companies will likely implement, a variety of security measures, these computer systems could be subject to cyber-attacks and unauthorized access, such as physical and electronic break-ins or unauthorized tampering. Like other companies, Five Elms and the Funds' Portfolio Companies are subject to threats to their respective data and systems, including malware and computer virus attacks, unauthorized access, system failures and disruptions. If one or more of these events occurs, it could potentially jeopardize the confidential, proprietary and other information processed and stored in, and transmitted through, such computer systems and networks, or otherwise cause interruptions or malfunctions in Five Elms', the Funds' or its Portfolio Companies' operations, which could result in damage to Five Elms', the Funds' or its Portfolio Companies' reputation, financial losses, litigation, increased costs, regulatory penalties and/or customer dissatisfaction or loss.

Data Protection. Data protection and regulations related to privacy, data protection and information security could increase costs, and a failure to comply could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations of one or more Portfolio Companies and the Funds. Such Portfolio Companies are subject to regulations related to privacy, data protection and information security in the jurisdictions in which they do business. As privacy, data protection and information security laws are implemented, interpreted and applied, compliance costs will likely increase, particularly in the context of ensuring that adequate data protection and data transfer mechanisms are in place.

Compliance with current and future privacy, data protection and information security laws could significantly impact current and planned privacy and information security related practices, the collection, use, sharing, retention and safeguarding of personal data and some of Five Elms' and the Funds' current and planned business activities. A failure to comply with such laws could result in fines, sanctions or other penalties, which could materially and adversely affect results of the Funds' operations and overall business, as well as have an impact on Five Elms' and the Funds' reputation.

ITEM 9. DISCIPLINARY INFORMATION

There have been no legal or disciplinary events in the past 10 years involving either Five Elms or any of its management persons that are material to an investor's evaluation of the Firm or its personnel.

ITEM 10. OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Neither the Adviser, nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer, or futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities.

Mr. Coulson acts in the capacity of Chairman of Spring Insurance Solutions, LLC (“**Spring Insurance**”), an insurance agency. Spring Insurance (dba United Medicare Advisors) offers products and services independent of Five Elms; therefore, this relationship does not present any material conflicts of interest to the Funds. Should an actual or potential conflict arise in the future, Five Elms will address them in accordance with its policies and procedures for management, mitigation and/or disclosure of conflicts of interest.

Also, as noted in Item 4 above, the General Partners, all of which are affiliates of the Firm, are the general partners of the Funds.

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

Code of Ethics

Through Five Elms' service as an investment adviser, there may arise many potential conflicts of interest, including, but not limited to, those identified below. Five Elms adopted and continuously reviews policies and procedures addressing such potential conflicts of interest. Five Elms has adopted a Code of Ethics (the "**Code**"), which describes the Firm's fiduciary duties and responsibilities to its Funds, requires that the Firm's employees act in the best interests of the Funds to the exclusion of contrary interests, act in good faith and in an ethical manner, avoid conflicts of interest with the Funds to the extent reasonably possible, and identify and manage conflicts of interest to the extent that they arise. Five Elms' employees are also required to comply with applicable provisions of the federal securities laws and make prompt reports to the Firm or other appropriate party of any actual or suspected violations of such laws by Five Elms or its employees. Initially, upon hire, and on an annual basis thereafter Five Elms requires that all employees certify to their receipt, review, understanding, and compliance with the provisions of the Firm's Code.

In addition, the Code sets forth formal policies and procedures with respect to the personal securities trading activities of the Firm's employees. The Code prohibits personal securities transactions in issuers who have been placed on the Firm's restricted list and requires written pre-approval for any interest in a limited offering, initial public offering ("**IPO**"), interest in a private fund (i.e., hedge fund or private equity fund) and interest in a private company. The Code requires employees to report all securities transactions on a quarterly basis and provide a summary of securities holdings initially upon hire and on an annual basis thereafter. The Code also addresses outside activities of employees, conflicts of interest, policies and procedures concerning the prevention of insider trading, restrictions on the acceptance of significant gifts and the reporting of certain gifts and business entertainment items, and the pre-clearance and reporting of political contributions. Five Elms will provide a complete copy of the Code to any current or prospective client or investor upon request sent to the Chief Compliance Officer ("**CCO**"), Kalie McCollough at kalie@fiveelms.com.

Participation or Interest in Client Transactions

Certain employees and affiliates of the Firm, in certain instances, invest in and alongside the Funds through the General Partners. A Fund or its General Partner, as applicable, generally do not pay Management Fee and Carried Interest related to investments held by such persons. For further details regarding these arrangements, as well as conflicts of interest presented by them, please see "*Other Potential Conflicts of Interest*" immediately below.

Due in part to the fact that potential investors in a Fund (including purchasers of an investor's interests in a secondary transaction) or a co-investment opportunity (see below) may ask different questions and request different information, the Firm may provide certain information to one or more prospective investors that it does not provide to all or certain of the prospective investors.

Conflicts of Interest

From time to time, subject to the applicable Advisory Agreements of a Fund, the Firm and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other Funds, and providing transaction-related, investment advisory, management and other services to Funds and Portfolio Companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time conflict with the interests of the Firm, other Funds or their respective affiliates. Certain of these conflicts of interest, as well as a description of how the Firm addresses such conflicts of interest, can be found below, as well as in the Advisory Agreements and other Offering Documents of the Funds.

Resolution of Conflicts

In the case of all conflicts of interest, the Firm's determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Firm's best judgment, but in its sole discretion. In resolving conflicts, the Firm will consider various factors, including the interests of the applicable Funds with respect to the immediate issue or with respect to their longer term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) A Fund will not make an investment unless the Firm believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- (2) Many important conflicts of interest will generally be resolved by set procedures, restrictions or other provisions contained in the Advisory Agreements for the Funds;
- (3) The Firm may consult with the Advisory Committee of a Fund as to certain potential conflicts of interest, and on any issue involving actual conflicts of interest the Firm will be guided by its good faith discretion;
- (4) The Firm has established certain committees for the purpose of addressing and advising with respect to certain conflicts of interest;
- (5) Where the Firm deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of an investment banker to opine as to the fairness of a purchase or sale price; and
- (6) Prior to subscribing for interests in a Fund, each investor receives information relating to significant potential conflicts of interest arising from the proposed activities of such Fund, including in its Advisory Agreements (e.g., the "LPA") and other Offering Documents (e.g., the "PPM").

More detailed procedures for resolving specific conflicts of interest are set forth in the Advisory Agreements of the applicable Fund and certain provisions of a Fund's Advisory Agreements are designed to protect the interests of investors in situations where certain conflicts exist, although these provisions do not eliminate such conflicts. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to a Fund and its ability to achieve its investment objectives.

Conflicts

The material conflicts of interest encountered by a Fund include those discussed below, although the discussion below does not necessarily describe all of the conflicts that a Fund will face. A Fund's Advisory Agreement contains a number of detailed provisions designed to address actual and potential conflicts of interest and other activities and considerations which may affect the Firm's business and strategy. The Advisory Agreements, however, cannot and do not fully anticipate and address all situations, developments, scenarios, investment opportunities, investment considerations and investment structures as the foregoing can vary on a case-by-case basis depending on a variety of facts and circumstances. While the disclosures in this Brochure are not intended to be exhaustive, they are an attempt to provide further disclosure, transparency, visibility and understanding of the Firm's business and strategy and certain potential conflicts of interest that arise in connection with the Fund. Other conflicts are disclosed in the Advisory Agreements and other Offering Documents of a Fund and throughout this Brochure. This Brochure should be read in its entirety for other conflicts.

Allocation of Investment Opportunities Among Clients

In connection with its investment activities, the Firm may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which can include, but are not limited to, the following:

- The Funds;
- Any co-investment vehicles that have been formed to invest side-by-side with one or more Funds in all or particular transactions entered into by such Fund(s) (the investors in such co-investment vehicles may include one or more Co-Investors);
- Any Co-Investors or personnel of Five Elms that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Funds in particular transactions entered into by such Fund(s); and
- Any other third parties acting as "co-sponsors" with the Firm with respect to a particular transaction.

The Funds are subject to provisions in their respective Advisory Agreements that prescribe what a Fund is permitted to invest in (collectively, "**Investment Allocation Requirements**"), which will also apply directly or indirectly to certain Funds or co-investment vehicles with investments contractually tied to such Funds. To the extent the Investment Allocation Requirements of a Fund

do not include specific allocation procedures or allow the Firm discretion in making allocation decisions among the Funds, the Firm will follow the process set forth below.

The Firm must first determine which Funds are eligible to participate in an investment opportunity. The Firm assesses whether an investment opportunity is appropriate for a particular Fund(s), based on the Fund's investment objectives, strategies, and structure. A Fund's investment objectives, strategies, and structure typically are reflected in the Fund's Advisory Agreements and other Offering Documents. Prior to making any allocation to a Fund of an investment opportunity, the Firm determines what additional factors will restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** at times the Firm is required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities will generally be set forth in a Fund's Advisory Agreements.
- **Related Investments:** at times the Firm will offer an investment opportunity related to an investment previously made by a Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds.
- **Legal and Regulatory Exclusions:** at times the Firm will determine that certain Funds or investors in such Funds should be excluded from an allocation due to specific legal, regulatory, and contractual restrictions placed on the participation of such persons in certain types of investment opportunities.

Once the Funds that are eligible to participate in a particular investment have been identified, the Firm, in its discretion, decides how to allocate such investment opportunity among the identified Funds on a case-by-case basis. At times, an opportunity has been allocated entirely to one Fund or among multiple Funds for co-investment. In allocating such investment opportunity, the Firm considers some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- Each Fund's investment objectives and investment focus;
- Transaction sourcing;
- Each Fund's liquidity and reserves;
- Each Fund's diversification;
- Lender covenants and other limitations;
- Any "ramp-up" period of a newly established Fund;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Estimated future capital needs of the Portfolio Company;
- The nature and size of a Portfolio Company;

- The life cycle of a Fund (and any desire of the Firm to use the remaining available capital for the older of the Funds first);
- Each Fund's investment period;
- Each Fund's targeted rate of return;
- Stage of development of the prospective Portfolio Company or other investment and anticipated holding period of the Portfolio Company;
- Composition of each Fund's portfolio;
- Whether a Fund has an existing investment in the Portfolio Company and suitability as a follow-on investment for a current Portfolio Company of a Fund;
- The availability of other suitable investments for each Fund;
- Supply or demand of an investment opportunity at a given price level;
- Risk considerations;
- Cash flow considerations;
- Asset class restrictions;
- Industry and other allocation targets;
- Minimum and maximum investment size requirements;
- Tax implications;
- Legal, contractual, or regulatory constraints; and
- Any other relevant limitations imposed by or conditions set forth in the Advisory Agreements of each Fund.

There can be no assurance that the application of the Investment Allocation Requirements and factors set forth above will result in a Fund participating in all investment opportunities that fall within its investment objectives. To the extent that multiple Funds invest in a new Portfolio Company investment opportunity (which may include follow-on opportunities), the sharing of that investment will generally be determined on a case-by-case basis pursuant to the applicable Advisory Agreements and will not necessarily be pro rata relative to the respective capital commitments of such Funds.

The determinations made by the Firm in connection with the allocation of investment opportunities are frequently subjective in nature and as a result, (a) an investment that was determined appropriate for one Fund may ultimately prove to have been more appropriate for another Fund and (b) where potential overlap among Funds exist, the Firm, in accordance with the Advisory Agreements of a Fund and the Firm's policies and procedures, will forego investment opportunities suitable for a Fund.

In addition, Firm personnel are permitted to participate directly or indirectly in certain investments made by the Funds. Interests of personnel will vary Fund by Fund, which creates an incentive to

allocate particularly attractive investment opportunities to the Fund in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

Allocation of Co-Investment Opportunities and Secondary Transactions

Subject to any restrictions contained in a Fund's Advisory Agreements, the Firm will, but is under no obligation to, provide opportunities to co-invest with a Fund to Co-Investors. The Firm from time to time provides opportunities to co-invest with the Fund to one or more investors in the Funds (or persons or entities associated with investors) or to one or more Co-Investors (or persons or entities who are not associated with investors) without making such opportunity available to any or all such investors in the Funds.

Each investment opportunity is evaluated on a case-by-case basis, and the Firm considers a number of factors in the course of evaluation in determining whether there is a potential opportunity for co-investment (and the extent of such co-investment opportunity), including without limitation, the following factors:

- the total amount of capital to be raised in connection with the investment opportunity and the portion available to the Fund;
- whether the Fund would be subject to certain limitations on the amount it is allowed to invest due to tax, regulatory, investment, or other considerations;
- whether the co-investment opportunity, and the amount of such co-investment, would disadvantage the Fund;
- whether co-investment by an investor (or other Co-Investor) could be of benefit to the business underlying the investment opportunity;
- whether the business underlying the investment opportunity desires additional Co-Investors; and
- whether potential conflicts of interest exist.

Any such co-investment opportunity will be offered to one or more Co-Investors pursuant to the procedures included in such Funds' Advisory Agreements and as set forth in the following paragraphs.

No investor in a Fund has a right to participate in any co-investment opportunity and investing in the Fund does not give an investor any rights, entitlements, or priority to co-investment opportunities. Decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of the Firm or its related persons or other participants in the applicable transactions, such as co-sponsors. It is possible the Firm will provide opportunities to co-invest with a Fund to one or more investors or investors in funds managed by an affiliate of the Firm (or persons or entities associated with such investors) or to one or more persons or entities who are not investors (or persons or entities who are not associated with investors) without making such opportunity available to any or

all investors and an investor, at times, will be offered a smaller amount of co-investment opportunity than originally requested. Co-investments will be made directly in the applicable Portfolio Company or through SPVs formed by the Firm or its affiliates for such co-investment. In certain instances, the Firm or its affiliates will, but are not required to, receive Management Fees, Other Fees, Carried Interest, or other compensation in connection with such co-investments, the terms of which may differ from the terms of a Fund with regard to such matters. Any such Management Fees, Other Fees, Carried Interest or other compensation will not offset the Management Fee payable by the Fund or otherwise benefit the Fund or its investors. Additionally, non-binding acknowledgements of interest in co-investment opportunities do not require the Firm to notify the recipients of such acknowledgements if there is a co-investment opportunity.

If the Firm has determined that a co-investment opportunity is available, it considers on a case-by-case basis in its discretion how to allocate such opportunity taking into account various factors, including, without limitation:

- whether one or more investors (or other prospective Co-Investor) has indicated a desire and willingness to evaluate and participate in co-investment opportunities of the nature being considered;
- whether the investment opportunity is of interest to certain investors (or other prospective Co-Investor), taking into account tax, regulatory, investment or other considerations;
- how quickly the prospective Co-Investor is able to conduct its own due diligence and make its own decision with respect to an opportunity;
- whether a prospective Co-Investor has the financial and other resources to make the investment;
- whether the Firm believes that a prospective Co-Investor will represent a good syndicate partner in connection with the investment;
- the potential of the prospective Co-Investor to introduce strategic relationships or provide operating advice or other expertise to the Portfolio Company;
- the size of a prospective Co-Investor's capital commitment to the Funds managed by the Firm (in the case of investors);
- other factors relevant to the relationship of a particular investment opportunity to a given prospective Co-Investor;
- any confidentiality concerns the Firm has in connection with providing the potential Co-Investor with specific information relating to the investment opportunity to permit such person or entity to evaluate the investment opportunity;
- the Firm's evaluation of its past experiences and relationships with potential Co-Investors, such as the willingness or ability of such person or entity to respond promptly or affirmatively to potential investment opportunities previously offered by the Firm and the expected amount of negotiations required in connection with a potential Co-Investor's commitment;

- level of demand for participation in such co-investment opportunity;
- the Firm's evaluation of whether the profile or characteristics of the potential Co-Investor will have an impact on the viability or terms of the proposed investment opportunity and the ability of the Funds to take advantage of such opportunity (for example, if the potential Co-Investor is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the potential Co-Investor, or the jurisdiction in which the potential co-investment party is based, will affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); and
- whether the Firm believes, in its sole discretion, that allocating investment opportunities to a potential Co-Investor will help establish, recognize, strengthen, or cultivate relationships that will provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to current or future Funds or the Firm.

Co-Investors (including an entity formed by the Firm or an affiliate to facilitate a co-investment with a Fund) will be granted or allowed certain rights to participate in follow-on investments with respect to the particular Portfolio Company but will not necessarily be granted or offered such rights or otherwise be required to participate in follow-on investments (whether or not the Fund participates). If the Firm has formed an entity managed by the Firm or an affiliate to facilitate a co-investment with a Fund, disposition opportunities with respect to any applicable Portfolio Company will be allocated between such entity and the Fund as determined by the Firm or its affiliates in its good faith discretion (subject to any specific requirements in the governing agreements for such co-investment entity and such Fund's Advisory Agreements), taking into consideration such factors that it considers to be relevant.

The Firm's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Funds and potential Co-Investors, and in the manner discussed above, often will not result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons. For example, the Firm could, in certain circumstances, be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons. While the Firm will determine how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, 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 the Firm is subject, discussed herein, did not exist.

In the event the Firm determines to offer an investment opportunity to Co-Investors, there can be no assurance that the Firm will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. Further, it is possible that a potential co-investment party will experience financial, legal, or regulatory difficulties and will, from time to time, have economic, tax, regulatory, contractual, or other business interests or goals that are inconsistent

with those of a Fund and, as a result, will take a different view from the Firm as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective.

In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic or business conditions with respect thereto.

In addition, to the extent the Firm has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Advisory Agreements, or is asked to identify potential purchasers in a secondary transfer, the Firm will do so in its sole discretion, generally taking into account the following factors:

- The Firm's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations;
- The Firm's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen, or cultivate relationships that are anticipated to provide indirectly longer-term benefits to current or future Funds or the Firm, and the expected amount of negotiations required in connection with a potential purchaser's investment;
- Whether the potential purchaser would subject the Firm, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media, or other burdens;
- Requirements in such Fund's Advisory Agreements; and
- Such other facts as it deems appropriate under the circumstances in exercising such discretion.

A purchaser's potential investment into another Fund (including any commitment to a future fund) could be considered by the Firm in determining whether to grant or withhold its consent to a secondary transfer of interests in a Fund.

Conflicts Related to Purchases and Sales

The Funds (which, for purposes of this section, also includes any pooled investment vehicle that may in the future be advised by an affiliate of the Firm) are permitted to invest in a broad range of asset classes throughout the corporate capital structure. These permitted investments include investments in corporate loans and debt instruments, preferred equity securities, and common equity securities. Conflicts arise when a Fund makes investments in conjunction with an investment being made by other Funds, or in a transaction in which another Fund has already made an investment. Investment opportunities, from time to time, are appropriate for Funds at the same, different or overlapping levels of a Portfolio Company's capital structure. Conflicts arise in determining the terms of investments, particularly when these Funds invest in different types of

securities in a single Portfolio Company. Certain Funds are expected to, and other Funds will, from time to time, invest, subject to the terms of their applicable Advisory Agreements, in Portfolio Companies or other issuers in which other Funds have equity investments or otherwise have material influence on management. In addition, the Funds are expected to invest in Portfolio Companies and other issuers in which other Funds invest in different parts of the debt and, from time to time, equity capital structure. For example, circumstances will, from time to time, arise in which Funds invest in different parts of a Portfolio Company's capital structure, including the acquisition by a Fund in such Portfolio Company, as a result of the Firm or an affiliate of the Firm pursuing a new investment strategy or existing investment strategies and mandates.

Where multiple Funds are invested in the same company, the Firm generally will allocate disposition opportunities between the Funds based on their respective ownership percentage of such company. However, subject to the applicable Advisory Agreements, the Firm will allocate disposition opportunities in a different manner in any particular case if it determines, in its discretion, that such different manner is appropriate or equitable in the circumstances, taking into account (without limitation): the relevant provisions in agreements related to the applicable Fund's investment in the Portfolio Company; the amount of gain (or loss), realized and unrealized, on each applicable Fund's investment in the Portfolio Company at the time of such disposition opportunity; liquidity needs for each applicable Fund and the investment cycle of each applicable Fund; respective holding periods for the investment of each applicable Fund; the nature of the investment and the disposition opportunity, including the size of the opportunity; current and anticipated market conditions; tax, legal or regulatory considerations; and such other factors that the Firm considers to be relevant.

A Fund will, from time to time, invest in opportunities that other Funds have declined, and likewise, a Fund will, from time to time decline to invest in opportunities in which other Funds have invested.

In addition, in certain instances, the Adviser could, in its discretion, sell an interest in a Fund's Portfolio Companies to Co-Investors (i.e., a post-closing sell-down). Subject to the Advisory Agreements, the Firm may decide not to charge a Co-Investor for any applicable interest costs associated with the time period between the closing of the applicable Fund's investment in a Portfolio Company to the date of the transfer of interests in such Portfolio Company to the applicable Co-Investor.

The Funds are permitted to co-invest with third-parties through partnerships, joint ventures or other similar entities or arrangements. These investments involve risks that would not otherwise be present in investments where a third-party is not involved. Such risks include, among other things, the possibility that the third-party has differing economic or business goals than those of the Fund, or that the third-party is in a position to take actions that are inconsistent with the investment objectives of the Funds. There may also be instances where the Funds will be liable for the actions of such third-party co-investors. There can be no assurance that the return of a Fund participating in a transaction with a third party would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

Cross-Transactions

In certain cases, the Firm and its affiliates will, from time to time, cause a Fund to purchase investments from another Fund, or it will cause a Fund to sell investments to another Fund. By way of example, (1) the Firm may raise capital for a new Fund with the express purpose of acquiring one or more investments from one or more existing Funds or (2) the Firm may cause or facilitate an investment of one Fund to acquire the assets of, or merge into, an investment of another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to the full universe of potential counterparties, a Fund may not receive the best price otherwise possible, or the Firm or its affiliates might have an incentive to improve the performance of one Fund by selling underperforming assets to another Fund, for example, to earn fees or increase Carried Interest payable to the Firm or its affiliates. Except for any such transactions contemplated and governed by the Advisory Agreements of a Fund, any such transaction involving a purchase or sale by a Fund from or to another Fund would be subject to the approval of the applicable “Advisory Committees” or a vote of such Fund’s investors (pursuant to the terms of the applicable Advisory Agreements) as well as compliance with any applicable terms and conditions of such Fund’s Advisory Agreements.

The Firm has established certain policies relating to cross transactions, including that appropriate disclosures be made to the applicable Fund(s) regarding any proposed cross transactions.

Principal Transactions

Section 206 under the Investment Advisers Act of 1940, as amended (the “**Advisers Act**”) regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent to the transaction. Subject to the next sentence and any applicable Advisory Agreement, in connection with the Firm’s management of the Funds, the Firm and its affiliates are permitted to engage in principal transactions. Although, the Adviser has established certain policies and procedures designed to comply with the requirements of the Advisers Act as they relate to principal transactions, including that disclosures required by Section 206 of the Advisers Act be made to the applicable Fund(s) regarding any proposed principal transactions, and that the Fund receives any advance consent to the transaction prior to consummating such a transaction (as provided for in such Fund’s Advisory Agreements); it is the Firm’s policy not to engage in such transactions.

Management of the Funds

The Firm and its affiliates engage in a broad range of business activities and manage a number of Funds that have investment objectives similar to each other. The performance and operation of such competing businesses could conflict with and adversely affect the performance and operation of the issuers of a Fund’s portfolio investments, and adversely affect the prices and availability of business opportunities or transactions available to these issuers. In addition, subject to any restrictions set

forth in the Funds' Advisory Agreements, the Firm expects that it, its affiliates or their respective personnel will in the future establish one or more additional investment funds (including funds which are competitive with the Funds) with investment objectives substantially similar to, or different from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities Among Clients*" above. The Firm or its affiliates will give advice, or take actions with respect to, the investments of one or more Funds that will not be given or taken with respect to other Funds with similar investment programs, objectives, or strategies. As a result, Funds with similar strategies may not hold the same securities or achieve the same performance. In addition, a Fund may not be able to invest through the same investment vehicles, have access to similar credit, or utilize similar investment strategies as another Fund. At times, these differences can result in variations with respect to price, leverage, and associated costs of a particular investment opportunity.

In addition, the Firm personnel who are responsible for managing a particular Fund will devote such time as is necessary to conduct the affairs of the Funds in an appropriate manner. However, it is expected that the employees of the Firm and such personnel will be engaged in other activities unrelated to a particular Fund, including making and supervising investments of other Funds and future funds formed by the Firm or its affiliates, to the extent not restricted by a Fund's Advisory Agreements. Conflicts of interest arise in allocating time, services, resources, or investment opportunities among the investment activities of the Funds and any other funds. Firm personnel may also devote time to activities or endeavors outside of the Funds including, without limitation, managing personal or family investments and attending to charitable or community endeavors. This may create conflicts of interest in providing advice and recommendations with respect to investments to the Funds.

The Firm will, from time to time, consider and reject an investment opportunity on behalf of one Fund and the Firm or an affiliate of the Firm will subsequently determine to have another Fund make an investment in the same company or investment opportunity. A conflict of interest arises because one Fund will, in such circumstances, benefit from the initial evaluation, investigation and due diligence undertaken by the Firm on behalf of the original Fund considering the investment. In such circumstances the benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment.

In addition, the Firm receives and generates various kinds of Portfolio Company data and other information, including data and information related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information can, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a Portfolio Company. As a result, the Firm is better able to anticipate macroeconomic and other trends, and otherwise develop investment strategies. The Firm has in the past and is likely in the future, to enter into information sharing and confidentiality arrangements with Portfolio Companies and other sources of information that will potentially limit the internal distribution and use of such data. The Firm has already and is likely in the future, in certain instances, to use this information in a manner that will provide a material benefit to the Firm its affiliates, or to certain

other Funds without compensating or otherwise benefitting the Fund or Funds that hold interests in the companies from which such information was obtained. In addition, the Firm can have an incentive to pursue investments in Portfolio Companies based on the data and information expected to be received or generated. The Firm has in the past and is likely in the future to utilize such information to benefit the Firm, its affiliates, or certain Funds in a manner that may otherwise present a conflict of interest but does not intend to specifically disclose such conflicts to the relevant Funds.

Follow-on Investments

The Firm's general policy is to consider follow-on investment opportunities in a particular Portfolio Company on a priority basis for the Fund that has an existing investment in such Portfolio Company. If Funds of different vintages have existing investments in a Portfolio Company, follow-on investment opportunities for that company generally will be first considered for the Fund or Funds that made the most recent investment in such Portfolio Company, provided that, subject to any consents, parameters or other conditions expressly required under the Advisory Agreements of the applicable Funds, the Firm is permitted to (and from time to time likely will) allocate such opportunities differently if it determines, in its discretion, that such different allocation is appropriate under the circumstances (including when one of the funds lacks sufficient unreserved capital for such follow-on investment). To the extent there is additional capacity in a follow-on investment opportunity after it is considered for the Fund or Funds with the existing investment in the company, the Firm is permitted to offer the opportunity to other Funds.

Investments to finance follow-on acquisitions present other conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, at times, a Fund will participate in re-leveraging and recapitalization transactions involving Portfolio Companies in which another Fund has already invested or will invest. Conflicts of interest arise, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

As is customary and in accordance with a Fund's Advisory Agreements, a Fund's General Partner will establish reserves for follow-on investments by a Fund in Portfolio Companies, operating expenses (including Management Fees), liabilities, and other matters. Estimating the appropriate amount of such reserves is difficult, especially for follow-on investment opportunities, which are directly tied to the success and capital needs of Portfolio Companies. If reserves are inadequate, the Fund will likely be unable to take advantage of attractive follow-on or other investment opportunities or to protect its existing investments from dilutive or other punitive terms. If reserves are excessive, the Fund may decline attractive investment opportunities or hold unnecessary amounts of capital in money market or similar low-yield accounts. Further, generally the allocation of investment opportunities among the Funds depend on their respective reserves at the time of allocating the opportunity, possibly resulting in lower returns if any of such reserves were later determined to be inadequate or excessive.

Conflicts Relating to the General Partner and the Firm

The Firm has in the past and may in the future, in its discretion, contract with a related person of the Firm (including to a Portfolio Company of a Fund) to perform services for the Firm in connection with its provision of services to the Funds. When engaging a related person to provide such services, the Firm has an incentive to recommend the related person even if another person may be more qualified to provide the applicable services or can provide such services at a lesser cost.

The Firm generally will, in its discretion, recommend to a Fund or to a Portfolio Company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) the Firm or a related person of the Firm (including but not limited to a Portfolio Company of a Fund) or (ii) an entity with which the Firm or its affiliates or a member of their personnel has a relationship or from which the Firm or its affiliates or their personnel otherwise derives financial or other benefit. When making such a recommendation, the Firm, because of its financial or other business interest, has an incentive to recommend the related or other person even if another person is more qualified to provide the applicable services or can provide such services at a lesser cost.

In addition, in certain instances, the Firm will compete against, or engage in business with (e.g., through co-investments and joint ventures) another investment adviser with which the Firm or its affiliates or a member of their personnel has a relationship, or from which the Firm or its affiliates or their personnel otherwise derives financial or other benefit. The Firm will ensure that any investment made by a Fund is bona fide and made in accordance with the best interest of the Fund.

To the extent permitted by a Fund's Advisory Agreements, the Firm, its affiliates, and officers or employees of the Firm may buy or sell securities or other instruments that the Firm has recommended to the Funds. In addition, such officers or employees could be permitted to buy securities in transactions offered to but rejected by a Fund. A conflict of interest arises because such investing Firm personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by the Firm on behalf of the Fund. In such circumstances, the investing Firm personnel will not share or reimburse the relevant Fund(s) or the Firm for any expenses incurred in connection with the investment opportunity. Such transactions are subject to the policies and procedures adopted by the Firm from time to time. The investment policies, fee arrangements, and other circumstances of these investments may vary from those of the Firm's other Funds or clients of its affiliates. In addition, officers and employees are also generally permitted to buy securities in other unaffiliated investment vehicles (including private equity funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds. While such an investment can create a conflict of interest (for instance, not bringing an investment opportunity to the Fund if there is a greater financial incentive to see the competitor fund make such an investment), the significant interests of the officers and employees of the Firm in the applicable General Partner and the applicable Fund (including economic interests) generally provides a strong alignment with the Fund. Furthermore, the Firm, its affiliates, certain of its officers and employees, and their relatives invest in and alongside a Fund and therefore have additional conflicting interests in connection with these investments. While the significant interests of the officers and employees of the Firm generally

aligns the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity).

Firm personnel from time to time serve on the boards of issuers. Certain Firm personnel also serve as directors or interim executives of, or otherwise be associated with, companies that are competitors of certain issuers of portfolio investments of a Fund. In such cases, such individuals are subject to fiduciary and other obligations to make decisions that they believe to be in the best interests of the relevant companies. In most cases involving a Fund's portfolio investments, given that the Fund would generally be a significant investor in such companies, the interests of the Fund and its portfolio investments would generally be expected to be aligned, although this may not always be the case, particularly if portfolio investments are likely to be in financial difficulty. It would also be expected that the interests of a competitor company would often not be aligned with those of a Fund or a Fund's portfolio investment issuers. This will potentially result in a conflict between the relevant individual's obligations to an issuer or a competing company and the interests of the Fund. Such conflict may be addressed to the detriment of the competitor company and the interests of the Fund. In some circumstances, having Firm personnel serve as directors or interim executives of the issuer of a portfolio investment of the Fund or another company will restrict the ability of a Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

Fee Structure

Because there is a fixed investment period after which capital from investors in the Funds will only be drawn down in limited circumstances and because Management Fees are, at certain times during the life of the Funds, based upon capital invested by the Funds, this fee structure creates an incentive to deploy capital when the Firm would not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partners of many Funds are entitled to Carried Interest under the terms of the Advisory Agreements of such Funds. Such General Partners are affiliates of the Adviser. The existence of the General Partners' Carried Interest creates an incentive for the General Partners to cause such Funds to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

Certain “**Opportunities Funds**” may in the future be established to invest alongside certain existing or future Funds in order to support larger investments in various Portfolio Companies. Decisions regarding the allocation of investment opportunities (both new opportunities and follow-on opportunities) between an Opportunities Fund and such other Funds create potential conflicts of interest for the Firm. Investment losses realized by an Opportunities Fund will not offset investment gains realized by the other Fund (and vice versa), and the Carried Interest will be determined separately for each fund, which creates an incentive for the Firm to allocate certain investment opportunities (or a larger portion of certain investment opportunities) to the Fund from which it expects to generate the more significant return for the Fund's General Partner.

Similarly, certain Funds could, in the future, be formed to invest alongside another Fund in a single Portfolio Company. In that instance, as the Carried Interest paid by the Funds is calculated independently, the Firm could potentially experience a conflict of interest in that it could be incentivized to allocate more of such opportunity to the Fund formed to invest in the single investment to the extent it has the expectation that such allocation would generate a more significant, or more immediate return for the Fund's General Partner.

Pursuant to the Advisory Agreements of certain Funds, the General Partner will be entitled to receive distributions in respect of its Carried Interest in certain circumstances if the remaining value of a Fund's investments exceeds a certain amount. In addition, the Management Fee payable by certain Funds for certain periods takes into account the aggregate value of the Fund's remaining portfolio investments. As a result, the Firm has an incentive to value unrealized investments held by a Fund, which generally will be privately-held investments that are difficult to value, higher than it might otherwise have in the absence of such Carried Interest and Management Fee arrangements.

Pursuant to the Advisory Agreements of certain Funds, the General Partner can be required to return excess amounts of Carried Interest as a "clawback." This clawback obligation creates an incentive for the General Partner to defer disposition of one or more investments or delay the liquidation of a Fund if the disposition or liquidation would result in a realized loss to such Fund or would otherwise result in a clawback situation for the General Partner.

Fund Level Borrowing

The Funds from time to time borrow funds or enter into other financing arrangements for various reasons, including to pay fund expenses and Management Fees, to make or facilitate new or follow-on investments (including borrowings pending receipt of capital contributions from investors), to make payments under hedging transactions, and to cover any shortfall resulting from an investor's default or exclusion. If a Fund borrows in lieu of calling capital to fund the acquisition of an investment, the borrowing would generally be used for all investors in such Fund on a pro-rata basis, including the General Partner.

To the extent a Fund uses borrowed funds in advance or in lieu of capital contributions, the Fund's investors generally make correspondingly later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As a result, though the Funds generally borrow on a short term basis, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and may make net IRR calculations higher than it otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner may receive disproportionate benefits from such borrowings.

Borrowing by the Fund will generally be secured by capital commitments made by the investors to the Fund, the Fund's assets, or both, and documentation relating to such borrowing may provide

that during the continuance of a default under such borrowing, the interests of the investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of “unrelated business taxable income”.

Diverse Membership

The investors in a Fund will likely have conflicting investment, tax, and other interests with respect to their investment in such Fund. Such interests of some or all of the investors can conflict with the interests of the applicable General Partner with regard to such matters. The conflicting interests of the investors may arise from, among other things, the nature of investments made by such Fund, the structuring of investments and the timing of disposition of investments. As a consequence, conflicts of interest can arise in connection with decisions made by the General Partner, including with respect to the nature, structuring or disposing of investments that will be more beneficial for some investors than for others or more beneficial for the General Partner, particularly with respect to investors’ individual tax situations. In selecting and structuring investments appropriate for a Fund, the applicable General Partner will not consider the investment, tax or other objectives of any investor individually, except as otherwise required by the Advisory Agreements of such Fund (including provisions related to avoiding “unrelated business taxable income” or “effectively connected income”) or side letters entered into with investors. In connection with certain investments (such as investments in operating companies treated as partnerships for U.S. federal income tax purposes), the applicable General Partner is permitted to form “alternative investment vehicles” pursuant to which certain investors participate directly or indirectly through a “blocker corporation” (and bear the burden of taxes and certain other expenses and, to the extent feasible, reductions in proceeds incurred in connection with the formation and operation of such “blocker corporation”) while other investors (including the General Partner) participate through a tax transparent entity without an intervening “blocker corporation.” This can create conflicts for the applicable General Partner, particularly in structuring an exit from such investments given the varying tax implications to the General Partner and investors resulting from different exit structures. Returns from such investments to the applicable General Partner, including in respect of its Carried Interest, typically would not be reduced by any taxes, other expenses or reductions in proceeds borne by any investor participating in such investments directly or indirectly through a “blocker corporation.” In other cases, the applicable General Partner may elect to structure investments by a Fund through simpler structures (such as a “blocker corporation” between the Fund and the Portfolio Company) that will be less tax efficient to the Fund or the investors as a whole in order to avoid the cost, time or administrative complexity associated with more complicated investment structures that potentially could be used to address the requirements of the Advisory Agreements of a Fund, including side letters related to tax matters.

Business with Portfolio Companies and Investors

Given the collaborative nature of the Firm’s business and the Portfolio Companies in which the Funds have invested, there are, from time to time, situations when the Firm is in the position of recommending the services of a Portfolio Company to other Portfolio Companies of the Funds, which will involve fees, commissions, servicing payments, or discounts to the Firm, an affiliate,

or a Portfolio Company. In addition, Portfolio Companies of one Fund and Portfolio Companies of another Fund may engage in commercial transactions (including mergers and acquisitions) with one another from time to time as they determine to be appropriate in their business judgment. The Firm anticipates that material transactions between Portfolio Companies generally would be on arm's-length terms or on terms otherwise considered to be equitable to both companies under the circumstances. However, such transactions could benefit the Portfolio Company of one Fund (and such Fund, indirectly) more than the Portfolio Company of the other Fund (and such Fund, indirectly). Accordingly, the Firm will generally have a conflict of interest in making such recommendations in that the Firm has an incentive to maintain goodwill between it and the existing and prospective Portfolio Companies for the Funds, while the products or services recommended may not necessarily be the best available to the Portfolio Companies held by the Funds. Although use of any such products or services by a Portfolio Company of a Fund would be the Portfolio Company's choice, the Fund's Portfolio Company can nevertheless be conflicted in their choice of vendors and might select the other Portfolio Company when there are better or cheaper products or services offered by unrelated parties. The benefits received by a Portfolio Company providing a service may be greater than those received by the Fund(s) and its Portfolio Companies receiving the service.

Portfolio Companies could from time to time provide services to certain investors in the Funds. The Firm has an incentive to recommend the Portfolio Company to favor those investors relative to other Portfolio Company clients or customers in terms of pricing or otherwise, which could adversely affect the Portfolio Company's profitability to the Fund.

In addition, certain Portfolio Companies of a Fund have in the past, and may, from time to time, in the future engage in activities that could adversely affect another Fund or its Portfolio Company, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection, and labor or union laws) that do not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as, the entity that has incurred the liability. This may result in the assets of a Fund or a Portfolio Company being used to satisfy the obligations or liabilities of another Fund or its Portfolio Company.

From time to time, the Firm anticipates that it will be presented with an investment opportunity for a Fund in a company that is a competitor of a Portfolio Company of another Fund. The Firm may decline to pursue such opportunity for the Fund because of the competitive situation even though the opportunity might otherwise be an attractive one for the Fund. On other occasions, a Fund may invest in companies that are, or that subsequently become, competitors of other companies in which such Fund has invested or in which another Fund has invested. Furthermore, such competitive situations may result in conflicts for the Firm and its personnel in their ongoing interactions with the competitive companies and could, in certain circumstances, result in the Firm receiving less information about such companies than it might have received in the absence of such competitive situation. Competitive situations could also result in a Fund or the Firm and its associated persons (who are generally indemnified by the Fund) facing legal claims regarding misuse of a company's

confidential information, breach of duties to the Portfolio Companies, or other matters related to the competitive situation.

A Fund's Portfolio Companies may be counterparties or participants in agreements, transactions or other arrangements with Portfolio Companies of other Funds managed by the Firm that, although the Firm determines to be consistent with the requirements of such Funds' Advisory Agreements, may not have otherwise been entered into but for the affiliation with the Firm, and which may provide economic or other benefits to affiliates of the Firm that are not subject to any Management Fee offset. For example, the Firm may in the future cause Portfolio Companies to enter into agreements regarding: group procurement (which depends on the volume of services purchased under these agreements and which are pooled across multiple Portfolio Companies and discounted due to scale); benefits management; data management or mining; technology development; purchase, title, and other insurance policy (which are pooled across multiple Portfolio Companies and discounted to scale); and other similar operational initiatives that result in fees, better pricing, rebates, commissions, or similar payments or discounts being paid to the Firm, its affiliates or a Portfolio Company, including related to a portion of the savings achieved by the Portfolio Company. While the Firm has a conflict of interest because its economic benefit incentivizes the Firm to maintain such arrangements, the Firm believes that such agreements benefit the Portfolio Companies due to increased access to quality products and services at beneficial pricing and the Firm's benefits from such arrangements are reduced because the Firm only benefits on at the same rate as the Portfolio Companies. However, it should not be assumed that a company related to, or otherwise affiliated with, the Firm will only take actions that are beneficial to, or not opposed to, the interests of a Fund and its Portfolio Companies.

Service Providers

Certain investors or their affiliates from time to time in the ordinary course of their business activities provide services to the Firm, a Fund, or a Fund's Portfolio Companies (e.g., banks that are affiliates of investors may act as lenders to the Firm, a Fund or a Fund's Portfolio Companies). The engagement of any such service provider may be concurrent with an investor's admission to a Fund, or during the term of such investor's investment in the Fund. This creates a conflict of interest, as the Firm may give such investor preferred economics or other terms with respect to its investment in a Fund, or has an incentive to offer such investor co-investment opportunities that it would not otherwise offer to such investor. The Firm anticipates that any such services provided to a Fund or its Portfolio Companies would be on arm's-length or otherwise customary market terms and not on terms that favor any such investor (or its affiliates) as a result of its status as an investor.

Certain service providers to the Funds or their Portfolio Companies (e.g., lawyers, accountants, lenders, banks, brokers, tax advisors) also provide services to the Firm or its personnel or affiliates. The terms on which such services are provided to such persons and entities could, in certain circumstances, differ from (and be more favorable than) those on which similar services are provided to the Funds or their Portfolio Companies or other third parties. In other cases, the Firm and its personnel could benefit from pricing discounts offered by service providers to both the Funds and the Firm and its personnel and affiliates (as compared to pricing available to other customers) that could primarily be the result of volume of activity (or expected volume of activity)

with such service providers from the Funds and their Portfolio Companies. However, it is the Firm's practice to seek service providers for the Fund (and, if requested to recommend service providers for Portfolio Companies) that it believes are in the best interests of the Fund (or its Portfolio Companies) based on their merits and not on the services, or the terms of such services, provided to the Firm or its personnel or affiliates.

Additionally, employees of the Firm or its affiliates, or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships that the Firm has with a service provider can influence the Firm in determining whether to select or recommend such service provider to perform services for a Fund or a Portfolio Company. The Firm will have a conflict of interest with the Funds in recommending the retention or continuation of a service provider to the Funds or a Portfolio Company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in the Funds, or will provide the Firm information about markets and industries in which the Firm operates or is interested or will provide other services that are beneficial to the Firm. Although the Firm selects service providers that it believes will enhance Portfolio Company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that the Firm, because of financial, business interest, or other reasons, will favor such retention or continuation even if a better price or quality of service could be obtained from another person. While the Firm often does not have visibility or influence regarding advantageous service rates or arrangements, there will be situations in which the Firm receives more favorable service rates or arrangements than the Funds or their Portfolio Companies.

The Firm, or its affiliates and service providers, often charges varying amounts or has different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required, and the time demands of the service provider. As a result, to the extent the services required by the Firm or its affiliates differ from those required by the Funds and its Portfolio Companies, the Firm and its affiliates will pay different rates and fees than those paid by the Funds and its Portfolio Companies.

Operating Advisors

In furtherance of the investment activities of its Funds, the Firm spends a considerable amount of time sourcing prospective investments and maintaining a vast outreach program connecting it to countless businesses that may fit the investment strategy of one or more Funds. These activities taken on behalf of the Funds are augmented by its Operating Advisers program. As noted in Item 5, Operating Advisers will generally assist the Firm on various matters related to a Fund or an actual or prospective Portfolio Company of a Fund, including sourcing investments, conducting due diligence, facilitating transaction execution, overseeing a Fund investment and providing services to a Fund or and/or its actual or prospective Portfolio Companies.

Certain Operating Adviser relationships will be structured as a consultant relationship, whereby the Operating Adviser is a consultant to the Firm, in exchange for fees and expenses. For example, an Operating Adviser could be retained as a consultant to the Firm to lead a targeted search for a business (or limited number of businesses) (a “**Targeted Company**”) that could benefit from the

Operating Adviser's expertise. In the event the Firm approves an investment by the Fund in a Targeted Company, the Operating Adviser may take an active role with the Targeted Company.

Other Operating Adviser relationships will be structured with the Operating Adviser operating a new company (the "**SearchCo**") that is provided with seed funding by a Fund used for start-up costs and operating expenses, including compensation, benefits and expenses for the Operating Adviser and others working at SearchCo. The Firm and the Operating Adviser will then lead a targeted search for one or more Targeted Companies that could benefit from the Operating Adviser's expertise. In the event the Firm approves an investment by the Fund in a Targeted Company – which can be made directly (or in part) through SearchCo or directly (or in part) in the Targeted Company – the Operating Adviser may take an active role with the Targeted Company, as described in the previous paragraph.

An Operating Adviser's expenses, fees and compensation ("**OA Expenses**") include one or more of the following: (i) consulting fees; (ii) SearchCo salary and benefits; (iii) Portfolio Company salary and benefits; (iv) equity grants (including options, restricted stock or other securities) issued by a Targeted Company; and/or (v) access to co-investment in a Targeted Company alongside Five Elms. Subject to each Fund's Advisory Agreements, all of the foregoing items and all other OA Expenses will be borne directly or indirectly by one or more of the Funds and Portfolio Companies to which an Operating Adviser's activities relate, including by way of reimbursement to the Firm of any payments it has previously made to an Operating Adviser. The Firm will only bear OA Expenses that relate to an Operating Adviser to the extent not permissible by an applicable Fund's Advisory Agreements and such OA Expenses are not otherwise borne by an actual or prospective Portfolio Company. As noted in Item 5, OA Expenses borne by a Portfolio Company (e.g., compensation to an Operating Adviser or reimbursement to the Firm of amounts previously paid to an Operating Adviser) will not reduce the Management Fees payable by the applicable Fund to the Firm.

In addition to the above OA Expenses, an Operating Adviser will at times incur expenses (such as Dead Deal Costs) or liabilities (such as a lawsuit) in connection with its activities taken on behalf of a Fund that would constitute expenses of the Fund if undertaken directly by the Firm. Any such expenses and liabilities shall be borne by such Fund (including indemnification expenses) unless it would not be permissible under such Fund's Advisory Agreements.

Positions with Portfolio Companies

The Funds have representatives that serve on the boards of directors of Portfolio Companies and will, as a result, be subject to fiduciary obligations to make decisions that they believe to be in the best interests of the Portfolio Company. Although in most cases the interests of a Fund and its Portfolio Companies will be aligned, this could not always be the case, particularly if a Portfolio Company is in financial difficulty. This may result in a conflict between the relevant director's obligations to the Portfolio Company (or companies) and its various stakeholders, on the one hand, and the interests of the Fund, on the other hand. In some circumstances, having a representative of a Fund serve as a director of a Portfolio Company could restrict the ability of the Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such

Portfolio Company. In addition, certain investment opportunities that might otherwise represent potential portfolio investments for the Fund could instead be offered to Portfolio Companies of other Funds as add-on acquisitions by such Portfolio Companies to the extent that such opportunities are complementary to, or enhance, such portfolio companies' businesses. Decisions made by a director may subject the Firm, its affiliate or a 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 addition, Firm personnel and Operating Advisors from time to time provide services (e.g., service as a board member, executive or advisor) to multiple Portfolio Companies of one or more Funds, and such persons will have competing obligations, interests, and time commitments with respect to such Portfolio Companies. In that instance, certain conflicts of interest could arise as a result of: (i) competing demands on such person's time commitments to such Portfolio Companies, (ii) the divergence in interests of such Portfolio Companies, and (iii) the differences in compensation paid to such person by the Portfolio Companies (including a situation in which the person is compensated exclusively by one Portfolio Company while providing services to both Portfolio Companies). In each case, as a result, one Portfolio Company or Fund may benefit at the expense of another Portfolio Company (including the Portfolio Company of another Fund) or another Fund.

From time to time employees of the Firm will also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest. Such companies are not Portfolio Companies of the Fund and as a result, any compensation received by such Firm employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds or investors.

Certain Firm personnel may be seconded to one or more Portfolio Companies and provide finance and other services to such Portfolio Companies and the compensation and expenses for such personnel during the secondment may be borne by the Portfolio Companies. To the extent the Firm receives any fees or expense reimbursement from a Portfolio Company with respect to such personnel, it is expected that they will not result in any offset against the Management Fees payable by a Fund.

Side Letter Agreements; Advisory Committee Rights

The Firm often enters into certain side letter arrangements with certain investors in a Fund providing such investors with different or preferential rights or terms, which can, in certain instances include: different fee structures and other preferential economic rights; information and reporting rights; excuse or exclusion rights; waiver of certain confidentiality obligations; co-investment rights; certain rights or terms necessary in light of particular legal, regulatory, or policy requirements of a particular investor; additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular investor; veto rights; and liquidity or transfer rights. Except as otherwise agreed with an investor, the Firm (or applicable General Partner) is not required to disclose the terms of side letter arrangements with other investors in the same Fund.

Many of the Funds have established an “**Advisory Committee**” consisting of representatives of investors. A conflict of interest exists when some, but not all, investors in a Fund are permitted to designate a member to the Advisory Committee of a Fund. The Advisory Committee of a Fund will typically also have the ability to approve conflicts of interests with respect to the Firm and the applicable Fund, which could be disadvantageous to the investors, including those investors who do not designate a member to such Advisory Committee. In general, investors in the Funds will not be entitled to control the selection of members of the Advisory Committees or to review the actions or deliberations of the Advisory Committees. Representatives of the Advisory Committees may have various business and other relationships with the Firm and its partners, employees, and affiliates. These relationships may influence the decisions made by such members of the Advisory Committees.

In addition, some or all of the members of a Fund’s Advisory Committee will likely also be on the Advisory Committee of another Fund with which there is a potential conflict or will likely represent investors that have an interest in both Funds. The Firm anticipates significant overlap between

members of the Advisory Committees for the Funds. Such members will not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve potential conflicts of interest, including between Funds.

Other Potential Conflicts

The Advisory Agreements of a Fund establish complex arrangements among the Funds, the Firm, investors, and other relevant parties. From time to time, questions can arise regarding certain parties’ rights and obligations in certain situations, some of which have not been contemplated upon the negotiation and execution of such documents. In some instances, the operative provisions of the Advisory Agreements, if any, will be broad, unclear, general, conflicting, ambiguous, and vague and will allow for multiple reasonable interpretations. In other instances, there will not be a directly applicable provision. While the Firm will construe the relevant provisions in good faith and in a manner consistent with its duties and legal obligations, the interpretations used may not be the most favorable to a Fund or its investors.

The Firm, its affiliates and the Funds will often engage common legal counsel and other advisers in a particular transaction, including transactions in which there can be conflicts of interest. Members of the law firms engaged to represent the Funds may be investors in a Fund and may also represent one or more Portfolio Companies or investors in the Funds. In the event of a significant dispute or divergence of interest between a Fund and the Firm and its affiliates, the parties could engage separate counsel in the sole discretion of the Firm and its affiliates. Moreover, in litigation and certain other circumstances separate representation may be required.

Additionally, certain other service providers to a Fund or its Portfolio Companies (e.g., accountants, lenders, banks, brokers, tax advisors) are also expected to provide services to the Firm or its personnel or affiliates. The terms on which such services are provided to such persons and entities will, in certain circumstances, differ from (and be more favorable than) those on which similar services are provided to a Fund or its Portfolio Companies or other third parties. In other cases, the

Firm and its personnel and affiliates will benefit from pricing discounts offered by service providers to both a Fund and the Firm and its personnel and affiliates (as compared to pricing available to other customers) that will primarily be the result of volume of activity (or expected volume of activity) with such service providers from Funds (and their Portfolio Companies). However, it is Firm's practice to seek to select service providers for the Funds (and, if requested to recommend service providers for Portfolio Companies) that it believes are in the best interests of the Funds (or their Portfolio Companies) based on their merits and not based on the services, or the terms of such services, provided to the Firm or its personnel or affiliates. From time to time, the Firm reviews its selection of service providers for the Funds and the arrangements between the Funds and such service providers. This creates a conflict of interest between the Firm, on the one hand, and the Funds or Portfolio Companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Firm will favor the engagement or continued engagement of such persons if it receives a benefit from such service providers, such as lower fees, that it would not receive absent the engagement of such service provider by the Funds or the Portfolio Companies.

The Firm may, in its discretion, cause the Funds and their Portfolio Companies to have ongoing business dealings, arrangements, or agreements with persons who are former employees or executives of the Firm. The Funds and their Portfolio Companies may bear, directly or indirectly, the costs of such dealings, arrangements, or agreements. In such circumstances, there will be a conflict of interest between the Firm and the Funds (or their Portfolio Companies) in determining whether to engage in or to continue such dealings, arrangements, or agreements, including the possibility that the Firm will favor the engagement or continued engagement of such persons even if a better price or quality of service could be obtained from another person.

Investors may be introduced to the Firm, or may be brought in a Fund, by a third-party consultant from which the Firm or a related person purchase products and to which the Firm or a related person makes payments, including in connection with conferences sponsored or hosted by the third-party consultant.

The Firm has in the past and may, from time to time, in the future, cause one or more Funds to purchase or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, the Firm and their respective directors, officers, employees, agents, representatives, members of the Advisory Committees, and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs, and expenses for one or more "umbrella" or other insurance policies maintained by the Firm that cover one or more Funds or the Firm (including their respective directors, officers, employees, agents, representatives, members of the Advisory Committee, and other indemnified parties). The Firm will make judgments about the allocation of premiums, fees, costs, and expenses for such "umbrella" or other insurance policies among one or more Funds or the Firm, on a fair and reasonable basis, and can make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in a Fund bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

Certain Portfolio Companies of the Funds are, or have been, counterparties or participants in agreements, transactions, or other arrangements with the Firm, its affiliates, and other Portfolio Companies of the Funds, to receive favorable procurement terms, including fees, servicing payments, rebates, discounts, or other financial benefits. The Firm is often eligible to receive favorable terms for its procurement due in part to the involvement of its Portfolio Companies in such arrangements, and any discounted amounts will not be subject to Management Fee offsets or otherwise shared with the relevant Funds.

Subject to the consent of the applicable Advisory Committee (unless otherwise permitted by a Fund's Advisory Agreements), a Fund could invest in other investment funds or similar entities. The Firm generally expects that any such investments by a Fund would be relatively small investments in terms of dollars invested and generally made at least in part for strategic reasons (e.g., when the Firm believes there is potential to get additional investment opportunities alongside the other investment fund or entity). A Fund's investment in such other fund or entity may be subject to a management fee and carried interest in favor of the sponsors or managers of the other fund or entity. This would likely result in an extra layer of management fee and carried interest being borne indirectly by investors in such Fund because any management fee or carried interest paid by the Fund to the sponsors or managers of such other fund or entity is not expected to result in a reduction in the Management Fees or Carried Interest payable by the Fund. Similarly, investments by a Fund in other funds would result in an additional layer of expenses (i.e., expenses incurred by such other fund) that would be borne indirectly by the Fund and its investors. Investment opportunities that derive from the sponsors or managers of an investment fund or entity in which a Fund has invested is permitted to be offered to other Funds even if a main reason for the Fund's investment in the other fund or entity was for potential deal flow.

The Advisory Agreements of certain Funds permit the General Partner of each such Fund to cause such Fund to distribute such General Partner's share of securities resulting from an investment disposition by such Fund to such General Partner or its affiliates (including officers and employees) in kind, while disposing of investors' share of such securities and distributing the net cash proceeds of such sale of securities to the investors. This ability creates conflicts of interest between the General Partners and the investors in the applicable Fund, because the General Partner has an incentive to cause the Fund to exit an investment at a time that will result in investors receiving a lesser return on such investment than would be the case if the General Partner was prohibited from receiving its proceeds from investments in kind (or was otherwise required to receive its share of investment proceeds in the same form as investors). Furthermore, the General Partner or its affiliates may receive distributions in kind from an investment disposition. In the event the General Partner or its affiliates receive such a distribution, the General Partner will generally act in its own interest with respect to its share of securities and may determine to sell the distributed securities (which includes selling its securities prior to the time at which the investor sells its distributed securities), or hold on to the distributed securities for such time as the General Partner shall determine. The ability of the General Partner to act in its own interest with respect to such distributed shares creates a conflict of interest between the General Partner or affiliate, as an adviser to the Fund, and the Fund.

The Advisory Agreements of certain Funds permit each such Fund's General Partner to withhold information from certain investors in such Fund in certain circumstances. For instance, information may be withheld from investors that are subject to Freedom of Information Act or similar requirements. The General Partner will often elect to withhold certain information from such investors for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such investors of receiving such information.

Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which the Firm and its related persons can seek to alleviate certain conflicts of interest among the Funds or other persons.

ITEM 12. BROKERAGE PRACTICES

Five Elms provides investment advice to the Funds primarily with regards to private equity related investments. As such, the Firm's transactions on behalf of the Funds are normally privately negotiated and generally do not involve the use of a broker or dealer for the execution of Fund transactions. In those cases, the Firm will seek to negotiate and execute transactions in an efficient manner and consistent with its fiduciary duties to the Funds. Due to the nature of the Firm's investment advice and relationship with the Funds, Five Elms does not expect to recommend or select broker-dealers for transactions in the Funds. In rare cases where the Firm determines to utilize a broker or a dealer to transact on behalf of the Funds, the Firm shall evaluate such broker or dealer based on a range of factors, including without limitation commission price, willingness to commit capital, ability to execute the desired transaction and other factors. As a fiduciary, Five Elms must execute securities transactions in such a manner that each Fund's total cost or proceeds in each transaction is the most favorable under the circumstances. The determinative factor is whether the transaction represents the best qualitative execution for the account and not whether the lowest possible commission cost was obtained. Thus, the Firm will consider the full range and quality of a broker's service in selecting or recommending brokers to meet best execution obligations, including the ability to access or otherwise execute large transactions in the public market. Five Elms may not pay the lowest commission rate available. As a starting point, though, the primary consideration is the trade price and commission quoted by the broker-dealers.

As noted above, the investment advisory services provided by the Firm to the Funds will generally be in relation to private equity related investments, for which the aggregation of orders is not applicable.

ITEM 13. REVIEW OF ACCOUNTS

The Funds' Portfolio Companies are continually monitored and reviewed by the investment committee. The investment committee will be responsible for, among other things, reviewing the Portfolio Companies in the context of the Funds' stated objectives and monitoring for portfolio and risk management.

More frequent reviews may be triggered by material changes in key variables that affect the performance of the Portfolio Companies, including, without limitation, changes in the financial markets, activity, and trends in the political or economic environment, as well as the specific circumstances affecting the Funds.

Audited financial statements are provided to investors in the Funds, within 120 days of the end of each Fund's fiscal year as required by Rule 206(4)-2 under the Advisers Act (the "**Custody Rule**"). Additional reporting may be provided to investors of a particular Fund pursuant to such Fund's Advisory Agreements.

ITEM 14. CLIENT REFERRALS AND OTHER COMPENSATION

Five Elms does not receive an economic benefit from anyone, other than its Funds, for providing investment advice or other advisory services to the Funds.

Five Elms and certain Funds have entered into third party marketing arrangements with respect to the sale of interests in the Funds. Such third party placement agents are compensated with a portion of the Firm's management fee payable with respect to the relevant Fund, at no cost to the investors in the Fund. Any placement fees paid by the Funds will be fully deducted from the management fee and thereby fully repaid to the Fund during the period following the initial investment date of each Fund. Investors will not incur additional fees as a result of these arrangements. Such arrangements are conducted in a manner that is consistent with Rule 206(4)-1 under the Advisers Act and relevant SEC guidance.

ITEM 15. CUSTODY

Five Elms is deemed to have custody of the assets of each Fund because it or an affiliate serves as each Fund's General Partner. Five Elms and/or such General Partner can withdraw a Fund's cash and/or securities held with a custodian upon Five Elms' and/or such General Partner's instruction to the custodian. Therefore, Five Elms is subject to the Custody Rule.

In accordance with the Custody Rule, the Firm adheres to the applicable requirements of the Custody Rule with respect to the Funds' assets. The CCO ensures that all privately offered securities, not held at a qualified custodian, do not violate the "Private Security Exemption" provided in the Custody Rule; so long as such securities are (i) acquired from the issuer in a transaction not involving any public offering, (ii) uncertificated (with ownership recorded only on the books of the issuer or its transfer agent in the name of each Fund), and (iii) transferable only with prior consent of the issuer or holders of the outstanding securities of the issuer. The Firm is responsible for arranging for annual independent audits of the Funds by an accounting firm, registered with and subject to inspection by the Public Company Accounting Oversight Board within 120 days of the Funds' fiscal year end, and for obtaining audited financial statements prepared in accordance with Generally Accepted Accounting Principles. The Firm arranges for the delivery of such audited financial statements to investors of the Funds within 120 days of the Funds' fiscal year end.

ITEM 16. INVESTMENT DISCRETION

Five Elms accepts discretionary authority to manage assets and securities on behalf of its Funds through the investment management agreement with the Funds. The investors generally do not have the ability to place any limits on Five Elms' authority beyond the limitations set forth in the Offering Documents of the applicable Fund.

ITEM 17. VOTING CLIENT SECURITIES

While the securities evidencing the investments made by the Funds are not typically the subject of proxies, there could be certain circumstances where Five Elms, having discretionary authority over the accounts of the Funds, will be asked to vote the securities of such Funds on restructuring or other corporate matters. Five Elms has adopted a proxy voting policy as required by the Advisers Act. While unlikely, the Firm's investment strategy may involve the acquisition of publicly traded securities with voting authority, and as such, the Funds may be placed in a position of proxy voting authority. If Funds do come into possession of securities with proxy voting rights, the Firm may have the authority to vote proxies and will do so in its sole judgement and in the best interest of its Funds. To the extent Five Elms receives proxy voting authority, the Firm generally believes that company management is best suited to make the decisions that are essential to the ongoing operation of the company. Therefore, Five Elms will generally vote proxies in line with company management. However, under circumstances where the Firm believes that company management's proposal will not maximize value for the Firm's Funds, Five Elms will vote against company management. Five Elms' proxy voting policy includes guidelines for voting against company proposals as well as guidance for situations where a proxy vote presents a conflict of interest to ensure that such conflict is resolved in the best interest of the Funds. Clients and investors can obtain information about how proxies were voted or a copy of the Firm's proxy voting policies by contacting the CCO, Kalie McCollaugh, at kalie@fiveelms.com.

ITEM 18. FINANCIAL INFORMATION

Five Elms does not require or solicit prepayment of more than \$1,200 in fees per Fund, six months or more in advance and therefore has not included a balance sheet.

Five Elms does not believe that there are any conditions that are reasonably likely to impair its ability to meet contractual commitments to the Funds.

Five Elms has never been the subject of a bankruptcy petition.