

**Item 1. Cover Page**

**Shanghai Fosun Chuangfu Equity Investment Management  
Company Limited**

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**Part 2A of Form ADV: Firm Brochure  
March 28, 2023**

**This brochure provides information about the qualifications and business practices of Shanghai Fosun Chuangfu Equity Investment Management Company Limited. If you have any questions about the contents of this brochure, please contact us at [duanqian@fosun.com](mailto:duanqian@fosun.com). The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission (the “SEC”) or by any state securities authority.**

**Additional information about Shanghai Fosun Chuangfu Equity Investment Management Company Limited also is available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov). An investment adviser’s registration with the SEC does not imply a certain level of skill or training.**

**Item 2. Material Changes**

Since the date of the last firm brochure, March 28, 2022, the Adviser has not made any material changes to this brochure.

### **Item 3. Table of Contents**

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#### **Item 4. Advisory Business**

For purposes of this brochure, the “Adviser” or “Fosun Chuangfu” means Shanghai Fosun Chuangfu Equity Investment Management Company Limited, a PRC limited liability company. The Adviser provides non-discretionary investment supervisory services to China Momentum Fund, L.P., a Cayman Islands exempted limited partnership (the “Client”). The Client is exempt from registration under the Investment Company Act of 1940, as amended (the “1940 Act”) and issues securities that are not registered under the Securities Act of 1933, as amended (the “Securities Act”). The Adviser also provides discretionary investment supervisory services to other investment vehicles established outside of the United States and that do not offer their interests to United States investors (the “Non-US Funds” and together with the Client, the “Funds”).

Consistent with the terms of its organizational documents, the Client makes primarily long-term private equity and equity-related investments, as well as investments in convertible debt instruments in companies doing business in the consumer services and industrial sectors that are based both in the People’s Republic of China (which, for the purposes hereof, includes the special administrative regions of Hong Kong, Macau and Taiwan) (the “PRC”) and elsewhere throughout the world that may benefit from China’s growth momentum. The Adviser provides advisory services to the Client solely in the PRC. Fosun Equity Investment Management Ltd. (“FEIML”), an affiliate of the Adviser and the Client’s investment adviser, also provides advisory services to the Client. The Adviser and FEIML’s advisory services with respect to the Client consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investment recommendations to the Client, managing and monitoring the performance of such investments and making disposal recommendations for such investments (and in certain situations, personnel of the Adviser or FEIML may advise the Client with respect to particular areas of financial, market or industry expertise). While FEIML is not a registered investment adviser, certain of its practices and procedures are described herein, in connection with the advisory services provided by the Adviser.

The directors, officers, employees and investment committee members of each of the general partner of the Client (the “General Partner”) and FEIML (to the extent such directors, officers, employees and investment committee members are involved in the provision of advisory services to the Client) are treated as “Associated Persons” of the Adviser. Unless otherwise noted, for purposes of this brochure, “Adviser” shall include the Associated Persons of the Adviser.

Fosun Chuangfu also provides discretionary investment supervisory services to the Non-US Funds. Its advisory services with respect to the Non-US Funds consist of investigating, identifying and evaluating investment opportunities, structuring, negotiating and making investments on behalf of such Non-US Funds, managing and monitoring the performance of such investments and disposing of such investments.

The Adviser will comply in all respects with all requirements of the Investment Advisers Act of 1940, as amended (the “Advisers Act”) with respect to the Client. The Adviser does not intend to hold itself out as being a registered investment adviser to the Non-US Funds and intends to comply with the Advisers Act with respect to the Non-US Funds only to the extent required by the “Unibanco – Uniao de Bancos de Brasileiros S.A.” No-Action Letter and subsequent No-

Action Letters issued by the SEC. As a result, the Adviser may not comply with the policies and procedures discussed herein with respect to the Non-US Funds and other funds to which they provide investment supervisory services.

The Adviser provides investment supervisory services to each Fund in accordance with the limited partnership agreement (or analogous organizational document) of such Fund or separate investment and advisory, investment management or portfolio management agreements (each, an “Advisory Agreement”). The Adviser provides such services to the Client pursuant to a PRC Advisory Agreement with FEIML.

Investment advice is not provided individually to the investors in the Funds and instead, is provided directly to the Funds, subject to the discretion and control of the applicable general partner of such Funds. Services are provided to the Funds in accordance with the Advisory Agreements with the Funds and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund and/or side letter agreements negotiated with investors in the applicable Fund.

The principal owner of Fosun Chuangfu is Mr. Guo Guangchang. Fosun Chuangfu is held through several intermediate subsidiaries, including Fosun Industrial Investment Management Company Limited, its sole direct owner, Shanghai Fosun High Technology (Group) Co., Ltd. and Fosun International Limited, a company listed the Hong Kong Stock Exchange.

Fosun International Limited is also the indirect owner of, and controls, FEIML and the General Partner.

The Adviser has been in business since 2007. As of December 31, 2022, the Adviser manages (i) \$2,657,772,162, all of which is attributable to the Non-US Funds, on a discretionary basis, and (ii) \$244,367,400 attributable to the Client, on a non-discretionary basis.

## **Item 5. Fees and Compensation**

As compensation for investment supervisory services rendered to the Client, FEIML receives from the Client an advisory fee, and as compensation for the services rendered by the Adviser, the Adviser receives from FEIML an advisory fee (each, an “Advisory Fee”). The Advisory Fee paid to the Adviser is equal to 100% of the expenses incurred by the Adviser for the provision of its investment advisory services to the Client. Advisory Fees paid to FEIML and to the Adviser are directly and indirectly borne by the investors in the Client.

The precise amount, timing and manner, of payment of Advisory Fees billed to and received from FEIML by the Adviser are determined between FEIML and the Adviser. The precise amount of, and the manner and calculation of, the Advisory Fees payable to FEIML are established by FEIML, as modified by negotiations with the investors in the Client, and are set forth in the Client’s Advisory Agreements, organizational documents and/or other documentation received by each investor prior to investment in the Client. Advisory Fees billed to and received from the Client by FEIML are payable quarterly in advance. The Advisory Fees

and other fees and distributions payable to FEIML described above are generally subject to waiver or reduction by FEIML, in its sole discretion, both voluntarily and on a negotiated basis with selected investors. The fee structures described above may be modified from time to time. Fees may differ among investors in the Client.

In addition, the Adviser and its affiliates may perform management, advisory, transaction-related, financial advisory and other services (“Related Services”) for, and receive fees from, actual or prospective portfolio companies or other investment vehicles of the Client, including fees in connection with mergers, acquisitions, add-on acquisitions, refinancings, public offerings, sales and similar transactions (“Transaction Fees”). Generally, under the terms of the applicable organizational documents, these Transaction Fees are net of out-of-pocket costs and expenses incurred by the Adviser or its affiliates in connection with consummated or unconsummated transactions or in connection with generating any such fees. These Transaction Fees may be substantial and may be paid in cash, in securities of the portfolio companies or investment vehicles (or rights thereto) or otherwise. Although these fees are in addition to Advisory Fees received by the Adviser and its affiliates, FEIML will generally reduce the amount of the Advisory Fees paid to it in connection with the receipt of such fees. The amount and manner of such reduction is set forth in the Advisory Agreements and/or organizational documents of the Client. Additionally, a portfolio company may reimburse the Adviser or its affiliates for expenses (including without limitation travel expenses, which may include expenses for chartered or first class travel, and meals and entertainment expenses) incurred by the Adviser or its affiliates in connection with its performance of services for such portfolio company; such reimbursed expenses are generally not included in the definition of “Transaction Fees” under the terms of the applicable organizational documents, and such reimbursements are not subject to the sharing arrangements described herein. For a discussion of material conflicts of interest created by the receipt of such fees and reimbursements, please see Item 11 below.

From time to time, the Adviser may (in its sole discretion), agree to pay a portion of a transaction or other fee received from an actual or prospective portfolio company to a third party (“Third Party Fee”), such as a consultant, advisor, finder, broker and/or investment bank. In such event, the Third Party Fee is not a fee that the Adviser is entitled to retain and therefore, the Adviser is not required under the terms of the applicable organizational documents to share such Third Party Fee with the Funds.

The Adviser may also engage and retain senior advisors, advisers, consultants, and other similar professionals who are not employees or affiliates of the Adviser and who may, from time to time, receive payments from, or allocations with respect to, portfolio companies and/or other entities. In such circumstances, such amounts will not be deemed paid to or received by the Adviser and its affiliates and such amounts will not be subject to the sharing arrangements described herein.

Upon termination of an Advisory Agreement, Advisory Fees that have been prepaid are generally returned on a prorated basis. FEIML may additionally receive, or designate another entity to receive, certain additional amounts of advisory fees specified in the Client’s limited partnership agreement or analogous organizational documents upon the removal of the General Partner (as defined below) without cause, the termination of the investment period by the Client without cause or the dissolution and winding up of the Client without cause.

The Advisory Fees paid by the Client to FEIML will generally be reduced by the amount of fees paid by the Client to persons acting as a placement agent in connection with the offer and sale of interests in the Client to certain potential investors, as well as by fees incurred by FEIML in connection with the organization of the Client that exceed a limit specified in the Client's limited partnership agreement or analogous organizational documents. Any reduction in the Advisory Fees paid by the Client to FEIML will not affect or reduce the Advisory Fees paid by FEIML to the Adviser.

To the extent provided in the Advisory Agreements and the partnership agreements and other organizational documents of the Client, FEIML will pay out of Advisory Fees certain operating expenses, including expenses on account of salaries of FEIML's employees, rent and other expenses incurred in maintaining FEIML's place of business and out-of-pocket costs (not including costs of counsel or other third persons) incurred in the preliminary investigation of general investment opportunities that are not actively pursued and other routine administrative expenses relating to the services and facilities provided by FEIML to the Client. The expenses of the Adviser shall be reimbursed by FEIML.

Consistent with the partnership agreements or other organizational documents of the Client, the Client will bear all other expenses relating to it to the extent not borne by its portfolio companies, including legal, accounting, audit, investment banking, consulting (including, but not limited to, consulting fees incurred by the Client for the benefit of its portfolio companies), research, brokerage, finders', custody, transfer, registration, appraisal and valuation, advisory board, directors' and officers' insurance, interest, taxes, governmental charges, fees and duties and extraordinary expenses, indemnifiable claims, losses and damages, the Client's allocable share of expenses and fees generated in the course of evaluating potential investments, including investments which are not consummated, the Client's allocable share of expenses and fees incurred in the course of making investments, and other similar fees and expenses as well as any other fees or expenses incurred by the Adviser, FEIML or the Client in connection with the Client's operations that are not specifically set forth above as being paid by the Adviser or FEIML.

Additionally, please see Item 6 below regarding "Carried Interest" that the Client may pay.

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

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

A portion of the Client's profits is distributed to the General Partner or its affiliate, if any, as "carried interest" (the "Carried Interest"). The General Partner of the Client is an affiliate of the Adviser. Carried Interest paid by the Client is indirectly borne by investors in the Client.

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 or a fund managed by the Adviser or an affiliate), may create an incentive for the Adviser to disproportionately allocate time, services or functions to those Funds paying Carried Interest to the Adviser's affiliate or to those Funds paying Carried Interest at a higher rate, or to allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the organizational documents of the Funds, this conflict is mitigated by (i) certain limitations on the ability of the Adviser to establish new investment funds, (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously and/or (iii) contractual provisions and procedures setting forth investment allocation requirements. Please also see Item 12 below regarding trade aggregation, as well as Item 11 below for additional information relating to how conflicts of interests are generally addressed by the Adviser.

## **Item 7. Types of Clients**

The Adviser currently provides non-discretionary investment supervisory services to the Client and provides discretionary investment supervisory services to the Non-US Funds. Investment advice is not provided individually to the investors in the Funds and instead, is provided directly to the Funds, subject to the discretion and control of the applicable general partner of such Funds.

Interests in the Client are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Client are generally "qualified purchasers" as defined in the 1940 Act, and may 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 Adviser does not have a minimum size for a Fund, but minimum investment commitments may be established for investors in the Funds. The general partner of each Fund may in its sole discretion permit investments below the minimum amounts set forth in the offering documents of such Fund.

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

### **Methods of Analysis and Investment Strategies**

#### **Investment Strategy**

The Client made and will continue to make private equity (including private investment in public equity), equity-related, and convertible debt investments in both mature and growing companies that have the potential to benefit from China's growth momentum. The Client's investment strategy is to invest primarily in Chinese and international companies across a range of industries and sub-sectors that, through active financial and operational involvement, can disproportionately benefit from China's economic momentum. The Adviser's investment principle of "China momentum leveraging global resources" has four investment dimensions including value investing, China momentum, inflation-proof and the internet. In making its recommendations to the Client, the Adviser primarily focuses on targeting three types of



companies for investments: (i) domestic Chinese companies; (ii) multi-national companies which are industry leaders with strong China growth potential and attractive valuations; and (iii) overseas listed Chinese companies with solid performance and attractive valuations.

### ***Geographic and Industry Focus***

The Adviser targets companies both in the PRC and elsewhere internationally, that may benefit from China's growth momentum. The Adviser primarily seeks opportunities in the consumer upgrade, services upgrade, and industrial upgrade sectors while also considering the impact of the internet on revolutionary changes to traditional channels, services, production supply and lifestyles.

### ***Characteristics of Potential Investment***

The Adviser primarily seeks opportunities for investments that have the following characteristics: (i) high growth companies in strong growth industries with existing China presence or commitment to future expansion into China; (ii) world leading companies or brands in their respective industries; (iii) companies that can remove the adverse impact from the internet or combine with the internet to create growth space; (iv) undervalued companies; (v) companies with strong cash flow that have proven to be resilient to cyclical and inflationary pressures; (vi) companies that are in line with the Adviser and its affiliates' corporate values; (vii) companies that have the ability for Adviser and its affiliates to add value; and (viii) companies with top management teams.

### ***Quality Overseas Listed Chinese Companies***

The Adviser also pursues opportunities that allow for the capturing of low valuation opportunities as a result of an economic downturn or market volatility. The Adviser seeks opportunities in these companies that allow for a partnership with the existing management team and/or controlling shareholders that has the potential for privatization and relisting in Asia.

### ***Growth Equity Investments***

The Adviser pursues growth equity opportunities with the following deal characteristics: (i) significant minority position of 10% to 30%; (ii) target enterprise value ranges from \$200 million to \$1 billion; (iii) target investment size of \$50 million to \$100 million; (iv) optimization period of around two to three years to enhance performance and value; (v) access to senior management and/or board of directors; (vi) active involvement and leading role in future China expansion of the company; (vii) sensible valuation reflecting the Adviser and its affiliates' ability to add significant value; (viii) an emphasis on downside protection; and (ix) significant China business growth potential.

The Adviser also pursues investment opportunities in purely domestic Chinese entities of various sizes.

### **Risks**

Investing in securities involves a substantial degree of risk. The Funds may lose all or a substantial portion of their investments, and investors in the Funds must be prepared to bear the risk of a complete loss of their investments.

In addition, material risks relating to the investment strategies and methods of analysis described above, and to the types of securities typically purchased by or for the Funds, include the following:

### ***Developments in Financial Markets***

Developments in international financial markets, including the failure or state-backed rescue of major financial institutions in the United States and tumult in credit and stock markets, could have severe general and possibly long-lasting macroeconomic effects. Instability in the securities, currency, commodity, credit and other markets may increase the risks inherent in the Client's investments and activities. Where there is a prolonged economic downturn, or if it proves more difficult than expected to obtain financing for the Client's investments on commercially reasonable terms, or if the markets in which the Client intends to invest and obtain financing fail to operate as expected, this could have a material adverse effect on the Client's ability to implement its investment strategy and generate returns.

### ***Operating History Not Indicative of Future Success***

Although the Adviser, its affiliates and their principals have extensive experience in private equity investing, their past experiences in advising, managing and disposing of investments, or in sponsoring and managing investment vehicles, may not necessarily be indicative of the future results of the Client.

### ***Reliance on Portfolio Company Management***

The Client will be reliant on portfolio company management to manage its portfolio companies on a day-to-day basis. There can be no assurance that such management will operate successfully. Additionally, a portfolio company may rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely affect such portfolio company's performance.

### ***Projections***

The Client may make investments relying upon projections developed by the Adviser, a prospective portfolio company or other third-party source concerning such company's future performance and cash flow. Projections are inherently subject to uncertainty and factors beyond the control of the Client, the portfolio company or such other sources. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values.

### ***Dependence on Adviser and Key Personnel***

The success of the Client depends in substantial part upon the skill and expertise of the Adviser, its affiliates and their directors, officers, employees and investment teams. There can be no assurance that these individuals will continue to be employed by, or otherwise associated with the Adviser and its affiliates, as the case may be, throughout the life of the Client. If these individuals leave, there can be no guarantee that the Adviser or its affiliates would be able to locate and recruit suitable replacements. The loss of key personnel could have a material adverse effect on the Client to realize its investment objectives.

### ***No Assurance of Investment Return***

The Client may enter into high-risk investment opportunities. The portfolio companies in which the Client invests may not achieve their expected operational objectives and may experience substantial fluctuations in their operating results. The Client will be subject to the risks associated with the underlying businesses engaged in by portfolio companies, including market conditions, changes in regulatory environment, general economic and political conditions, the loss of key management personnel and other factors. There can be no assurance that the Client will be able to generate returns for its investors or that returns will be commensurate with the risks involved.

### ***Management Fee Payable Regardless of Client Performance***

The management fee is required to be paid by the Client to FEIML even if the Client makes no investments or experiences net losses over the term of the Client.

### ***Lack of Diversification Among Investments***

The Client may invest in a limited number of portfolio companies and, as a consequence, the aggregate return of the Client may be materially and adversely affected by the unfavorable performance of a single investment or small group of investments. In addition, a majority of the portfolio companies in which the Client will invest may be operating in a limited number of industries in the PRC, and as such may be materially and adversely affected by adverse political, economic or regulatory developments in PRC. While diversification is an objective of the Client, there can be no assurance as to the degree of diversification that will actually be achieved in the Client's investments.

### ***Contingent Liabilities on Realization of Investments***

In connection with the realization of an investment in a portfolio company, the Client may be required to make representations about the business and financial affairs of such portfolio company typical of those made in connection with the sale of an investment. The Client may also be required to indemnify the buyers of such investment to the extent that any such representations are inaccurate. These arrangements may result in the contingent liabilities being incurred for which the Client may establish reserves or escrow accounts. In addition, investors may be required to return amounts distributed to them to meet the Client's indemnity obligations.

### ***Uncertainty of Valuation***

The Client will value their investment portfolios from time to time based upon their best estimate of the value of each of the individual investments of the Client. Valuations may be difficult due to a variety of factors, including the absence of readily ascertainable market values and limited sources of useful valuation information. In addition, the appraised value of an asset may not always be consistent with, and therefore may be higher or lower than, the price at which the asset could ultimately be sold. Valuation uncertainties may be greater with regard to emerging markets, including the PRC, compared with more sophisticated and transparent markets. In addition, since there is no established market for interests in the Client, the valuation of such interests is difficult and not without uncertainty. The valuation of an interest in the Client may not necessarily reflect the valuations of the Client's investments and accordingly the valuations of the Client's investments should not be viewed as a proxy for the valuation of such interests.

In establishing the value of the Client's investments, the Client may consult with accounting firms, investment banks and other consulting firms when needed to assist with the valuation of the investments.

### ***Availability of Insurance***

The Client may not be able to insure against losses of a catastrophic nature, for instance, terrorist attacks, wars, earthquakes, typhoons or other similar events. There can be no assurance that insurance against such events will be available, sufficient or economically affordable. Generally, losses related to terrorism are becoming harder and more expensive to insure against. Some insurers exclude terrorism coverage from their all-risk policies, and some insurers offer limited coverage against terrorist acts at substantial additional premiums, which can greatly increase the total costs of insurance and outweigh the benefits from the related investments.

### ***Risks in Effecting Operating Improvements***

In some cases, the success of the Client's investment strategy will depend, in part, on the ability of the Client 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 Client will be able to successfully identify and implement such restructuring programs and improvements.

### ***Bridge Financings***

From time to time, the Client may lend to portfolio companies on a short-term, unsecured basis or otherwise invest on an interim basis in portfolio companies in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge loans would typically be convertible into a more permanent, long-term security; however, for reasons not always in the Client's control, such long-term securities issuance or other refinancing or syndication may not occur and such bridge loans and interim investments may remain outstanding. In such event, the interest rate on such loans or the terms of such interim

investments may not adequately reflect the risk associated with the position taken by the Client.

### ***Use of Alternative Investment Vehicles***

The Client may use alternative investment vehicles and cause its investors to transfer a portion of their capital commitment into such entities. The use of such vehicles may involve additional costs of formation, structuring, and operating such entities. These vehicles could be of a type with which the Adviser may have less familiarity, and may present additional informational and operational uncertainty or difficulties to the Adviser in managing and disposing of investments through such entities.

### ***Recourse to All Assets***

The Client's assets, including any investments made by the Client, are available to satisfy all liabilities and other obligations of the Client. If the Client becomes subject to a liability, parties seeking to have the liability satisfied may have recourse to the Client's assets generally and not be limited to any particular assets, such as the asset representing the investment giving rise to the liability. This may result in the Client disposing of assets it holds in order to satisfy liabilities arising from other assets, which could have a material adverse effect on the Client.

### ***Competitive Nature of the Client's Business***

The activity of identifying, completing and realizing on attractive investments is highly competitive and involves a high degree of uncertainty. The success of the Client depends on the Adviser's ability to identify and select appropriate investment opportunities as well as the Client's ability to acquire these investments in a competitive environment. The Client will be competing for investment opportunities against other investors, including other private equity funds and hedge funds, large and well-capitalized industrial groups, and commercial, investment and merchant banks. Many of these competitors have financial, personnel and strategic resources significantly in excess of those of the Client, may make competing offers for investment opportunities that are identified by the Advisor, and may be willing to offer terms more favorable than those offered by the Client. It is possible that competition for investment opportunities may increase, thus reducing the number of opportunities available to the Client and adversely affecting the terms upon which investments can be made. The Adviser may be unable to identify a sufficient number of investment opportunities for the Client or the Client may be unable to acquire such investments on attractive terms. There can be no assurance that the Adviser will be able to identify and consummate a sufficient number of investments to permit the Client to invest all of its capital, to diversify its investments to the extent anticipated, or to meet the Client's respective return objectives. The Client will face significant competition not only for investment opportunities but also for experienced investment professionals and portfolio company personnel, which could adversely affect the Client's operations.

### ***Liquid and Long-Term Investments***

Although investments may generate current income, the return of capital and the realization of gains, if any, from an investment generally will most likely occur only upon the partial or

complete disposition of such investment. While an investment may be sold at any time, it is generally expected that the disposition of most of the Client's investments will not occur for a number of years after such investments are made. It is unlikely that there will be a public market for the securities held by the Client at the time of their acquisition. The Client generally will not be able to sell their securities publicly unless their sale is registered under applicable securities laws, or unless an exemption from such registration requirements is available. In addition, in some cases, the Client may be prohibited or limited by contract from selling certain securities for a period of time, and as a result, may not be permitted to sell an investment at a time it might otherwise desire to do so.

### ***Investments Longer than Term***

The Client may make investments which may not be advantageously disposed of prior to the date the Client will be dissolved, either by expiration of the Client's term or otherwise. Although the General Partner expects that investments will be disposed of prior to dissolution or be suitable for in-kind distribution at dissolution, the Client may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution.

### ***Leverage***

Investments may involve leverage. The Client may borrow for the purpose of short-term financing, to cover shortfalls of capital contributions arising from the default of investors or for other short-term purposes related to the Client's business. Leveraged acquisitions involve a high degree of financial risk and can exaggerate the effect of any increase or decrease in the value of an investment. Leverage will also increase the exposure of an investment to adverse economic factors such as rising interest rates, downturns in the economy or deteriorations in the condition of the investment. Leveraged investments will be subject to the risk that they will not have sufficient cash flow to meet required payments, or that they will not be able to refinance indebtedness on attractive terms, or at all. United States tax-exempt investors should consult with their counsel and tax advisors about the potential tax consequences arising from leveraged investments as leverage may create "unrelated business taxable income."

### ***Investments in Troubled Companies***

The Client may invest in securities of financially troubled and/or highly leveraged companies. While these investments are likely to be particularly risky, they may also offer the potential for correspondingly high returns. Under certain circumstances, payments to the Client and distributions by the Client to the investors may be reclaimed if any such payment is later determined to have been a preferential payment.

### ***Control Position***

The Client will generally seek investment opportunities that allow the Client to have significant influence on the management, operations and strategic direction of the portfolio companies in which it invests. The exercise of control and/or significant influence over a company imposes additional risks of liability for environmental damage, product defects, failure to supervise

management and other types of liability in which the limited liability generally characteristic of business operations may be ignored. The exercise of control and/or significant influence over a portfolio company could expose the assets of the Client to claims by such portfolio company, its security holders and its creditors. While the General Partner intends to manage the Client in a way that will minimize exposure to these risks, the possibility of successful claims cannot be precluded.

The Client, however, may not always hold the dominant or majority share of the investment. The Client may invest by way of joint-venture arrangements, pursuant to which the Client would normally expect to share the rights to manage, and the rights to receive returns from, investments with one or more joint-venture partners. Although the Client will seek to forge alliances with like-minded partners, there can be no assurance that the interests of the Client and those of the Client's partners will continue to remain aligned over the period of the joint venture. Disagreements with such joint-venture partners over operational, financial, development, management and investment decisions may cause the Client to exit from investments at sub-optimal times and on sub-optimal terms.

### ***Risk Arising from Board Participation***

The Client may designate directors to serve on the boards of directors of portfolio companies or may have its representatives serve as observers to such boards of directors. Although such positions in certain circumstances may be important to the Client's investment strategy and may enhance the General Partner's ability to manage the investments, the designation of representatives and other measures contemplated could expose the assets of the Client to claims by a portfolio company, its security holders and its creditors, including claims that the Client is a controlling person and thus is liable for securities laws violations of a portfolio company. They may also have the effect of impairing the General Partner's ability to sell the related securities when, and upon the terms, it may otherwise desire. These measures also could result in certain liabilities in the event of the bankruptcy or reorganization of a portfolio company; could result in claims against the Client if the designated directors violate their fiduciary or other duties to a portfolio company or fail to exercise appropriate levels of care under applicable corporate or securities laws, environmental laws or other legal principles; and could expose the Client to claims that it has interfered in management to the detriment of a portfolio company. In general, the Client will indemnify the General Partner from such claims. While the Adviser intends to manage the Client in a way that will minimize the exposure to these risks, the possibility of successful claims cannot be precluded.

### ***Intermediary Risks***

It is possible that certain of the Client's transactions may be undertaken through local brokers, banks or other organizations, and the Client would be subject to the risk of default, insolvency or fraud of such organizations. There can be no assurance that any money advanced to such organizations will be repaid or that the Client would have any recourse in the event of default. The collection, transfer and deposit of bearer securities and cash expose the Client to a variety of risks including theft, loss and destruction. The Client will also be dependent upon the general soundness of banking systems and other infrastructure. These risks may be more significant in

the PRC than in more developed countries with more sophisticated regulatory systems.

### ***Hedging Transactions***

The Client may, but is not required to, use financial instruments to hedge its investments and any exchange rate or interest rate risk associated therewith. There can be no assurance that the Client will hedge when appropriate or choose the correct hedge to the extent that the Client hedges its investments. The use of hedging transactions involves certain risks. These risks include: (i) the possibility that the market will move in a manner or direction that would have resulted in gain for the Client had a particular hedging transaction not been entered into, in which case the Client's performance would have been better had the Client not engaged in the hedging transaction; (ii) the risk of imperfect correlation between the hedged risk and the hedging instrument used; and (iii) potential illiquidity of the hedging instrument used, which may make it difficult or costly for the Client to close out or unwind a hedging transaction. Hedging instruments in the PRC may be harder to obtain, less useful and more expensive than in countries with more developed markets for such instruments.

### ***Follow-On Investments***

The Client may be called upon to provide follow-on funding for its investments or have the opportunity to increase its investment in such investments. There can be no assurance that the Client will wish to make follow-on investments or that they will have sufficient funds to do so at the time. Any decision by the Client not to make follow-on investments or their inability to make them may have a substantial negative impact on a portfolio company in need of such an investment, may diminish the Client's ability to influence the portfolio company's future development, and may result in the Client's interest being diluted.

### ***Risks Upon Disposition of Investments***

In connection with the disposition of an investment in a portfolio company, the Client may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business, or may be responsible for the contents of disclosure documents under applicable securities laws. The Client may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents turn out to be incorrect, inaccurate or misleading. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors. The organizational documents contain provisions to the effect that if there is any such claim in respect of a portfolio company, it will be funded by the investors to the extent that they have received distributions from the Client, subject to certain limitations.

### ***Difficulty in Valuing the Client's Investments***

The Client's investments in many cases will be difficult to value due to various factors, including absence of readily ascertainable market values and limited sources of useful valuation information. In addition, the appraised value of an asset may not always be consistent with, and therefore may be higher or lower than the price at which the asset could ultimately be sold.



Valuation uncertainties may be greater with regard to the Chinese market compared with more sophisticated and transparent markets.

### ***Limited Due Diligence***

The Client may acquire investments where it is considered impractical or undesirable to carry out full due diligence beforehand. The due diligence information which the Client relies on or expects may be difficult to obtain, limited in scope or inaccurate, leading to a greater risk of problems or issues that are not identified in advance.

### ***Risks Associated with Investing in the PRC***

Investing in the PRC involves certain risks not typically associated with investments in other countries or more developed markets. The Adviser and its affiliates will seek to manage the Client in a manner designed to mitigate these risks relative to the potential for gain, but such risks cannot be eliminated entirely, and may in any case be beyond the control of the Client. These risks, some of which are set out below, may increase expenses of the Client, adversely affect the value of the Client's investments and returns, and adversely impact the Client's investment program and strategy.

### **Economic Factors**

The PRC economy differs from the economies of most developed countries in many respects, including the amount of government involvement, level of development, growth rate, control of foreign exchange and allocation of resources. While the PRC economy has experienced significant growth, growth has been uneven, both geographically and among various sectors of the economy. The PRC government has implemented various measures to encourage economic growth and guide the allocation of resources. Some of these measures benefit the overall PRC economy, but may also have a negative effect on the Client's future portfolio investments in PRC.

General economic conditions may affect the Client's activities. Interest rates, general levels of economic activity, the price of securities and participation by other investors in the Client's markets may affect the value and number of investments made by the Client or considered for prospective investment.

The economy of the PRC may perform favorably or unfavorably compared with more developed economies in such respects as growth of gross domestic product, rate of inflation, currency controls, currency appreciation or depreciation, capital reinvestment, resource self-sufficiency and balance of payments. The economy of the PRC is generally heavily dependent upon international trade and, accordingly, may be affected adversely by protective trade barriers and economic conditions in the countries with which they trade. In addition, the economy of the PRC is vulnerable to fluctuations of worldwide commodity prices.

### **Political, Social and Other Factors**

The Client will be exposed to the direct and indirect consequences of political, economic, social, diplomatic or other factors in the PRC. The PRC may face economic, social and/or political instability resulting from, among other things (many of which may be unforeseeable), (i) changes in government or governmental policies; (ii) popular unrest; (iii) adverse relations with other countries; or (iv) public health issues.

#### Continued State Involvement in the Chinese Economy

Despite the PRC's ongoing transition to a market-driven economy, the Chinese government continues to own directly or indirectly a substantial portion of the PRC's productive assets and plays a significant role in regulating development through industrial policies, taxation, allocating resources, regulating payments of foreign currency obligations, imposing credit policies on commercial banks and setting monetary policy. Many reform-oriented policies and measures are unprecedented or experimental, may cause fiscal deficits, inflation, or other economic imbalances, and may or may not be reversed, suspended, delayed or improved over time. There is the possibility of nationalization, expropriation or confiscatory taxation or governmental regulation that could adversely affect the economy of such country or the value of the Client's investments. Such reforms and measures could negatively affect the Client's investments in the PRC.

#### Legal Risks

The Client's investments may be governed by Chinese law and the Client may need to resort to the Chinese legal system for settlement of disputes. The PRC lacks a fully developed legal system and the body of commercial law and practice typically found in countries with more sophisticated market economies. Laws and regulations, in particular those concerning foreign investment and taxation, can change quickly and unpredictably. The judicial and civil procedures in the PRC are complex and may be unwieldy. Courts in the PRC may lack experience in commercial dispute resolution, may be subject to political or other influence, and many of the procedural remedies for enforcement and protection of legal rights found in more developed jurisdictions may not be available in the PRC. The extent to which local parties and entities, including local governmental agencies, will recognize the contractual and other rights of the parties with which they deal is uncertain. The Client may therefore be unable to protect and enforce its rights (including with respect to legal and management control) against local governmental and private entities to the extent it would in jurisdictions with more developed legal systems. In addition, it may be more difficult, time-consuming and expensive to obtain and/or enforce a judgment in a court in the PRC, compared with more developed countries.

Laws and regulations as well as legal requirements applicable to foreign investments in the PRC change frequently, and their interpretation and enforcement involve uncertainties. For example, the Client may have to resort to administrative and court proceedings to enforce the legal protection that the Client or a portfolio company enjoys either by law or contract. However, since PRC administrative and court authorities have significant discretion in interpreting and implementing statutory and contractual terms, it may be more difficult to evaluate the outcome of administrative and court proceedings and the level of legal protection the Client or a portfolio company enjoys than in more developed legal systems.

### Investment Restrictions

The PRC has laws and regulations that, to varying degrees, preclude or restrict direct foreign investment in the securities of resident companies, limit the types of securities that foreigners may buy, or limit foreign investors to special investment structures. Prior governmental approval for foreign investments in the PRC will be required and the extent of foreign investment in domestic companies may be subject to limitation. Certain industries have been classified by administration authorities in the PRC as restricted or prohibited industries to foreign investment, and these industries may change from time to time. Foreign ownership limitations also may be imposed by the charters of individual companies. Such restrictions may limit the investment opportunities available to the Client and inhibit the Client's ability to implement its investment strategy or reach its investment goals.

### Foreign Exchange Controls

In addition to managing the exchange rate between the Chinese Renminbi (the "RMB") and the U.S. dollar, the Chinese government imposes controls on the convertibility of RMB into other foreign currencies and the remittance of currency out of the PRC in certain circumstances. Certain remittance or currency exchanges may require approval from appropriate governmental authorities. This system could be changed at any time by executive decision of the Chinese government; furthermore, the State Administration of Foreign Exchange (the "SAFE") has a significant degree of administrative discretion in implementing the laws and promulgating interim rules on foreign exchange control, and has used this discretion to limit convertibility of current account and capital account cash flowing into and out of the PRC. There can be no assurance that the Client will be permitted to inject or repatriate capital or profits, if any. The Client could be adversely affected by delays in, or a refusal to grant, any required governmental approval for repatriation of equity and debt capital, interest and dividends paid on investments held by the Client.

### Accounting, Disclosure Standards and Other Information

The availability of information within the PRC, including information concerning the economy and the securities of companies, is generally more limited than is the case in many other economies. The accounting, auditing and financial reporting standards and practices of the PRC may not be equivalent to those employed in some other economies and may differ in fundamental respects. There is typically less information available about companies in the PRC than about companies in some other economies and there is generally less government supervision and regulation of both the securities markets, and the investors in such markets as well as of private companies, than in many other economies. The relative lack of data makes it more difficult to assess market values in the PRC.

### Securities Markets and Exit Strategies

The General Partner may seek to realize gains on certain of the Client's investments by selling into the public markets of the PRC. Trading activity on Chinese exchanges may vary in

substantial ways from operations on larger, more international public markets, and may be less liquid and more volatile. This may affect the Client's ability to dispose of securities at the price and time it wishes to do so. In addition, certain securities markets in the PRC may be susceptible to being influenced by large investors trading significant blocks of securities. Commissions for trading on stock exchanges in the PRC can be higher than commissions for trading on stock exchanges in certain other economies.

In addition to their smaller size, reduced liquidity and less rigorous disclosure standards, the individual securities markets of the PRC are, to varying degrees, influenced by economic and market conditions in other securities markets in Asia generally. Although economic conditions are different in each country, investors' reaction to developments in one country can have effects on the securities of issuers in other countries in Asia. There can be no assurance that individual securities markets will not continue to be affected negatively by events elsewhere, or that such events will not adversely affect the value of the Client's investments. A downturn in the global economy could seriously affect securities markets, including markets on which the Client may seek to take portfolio companies public, which may impede or prevent the Client from exiting successfully from its investments.

#### *Risks Relating to Recent Regulations on Offshore Investment Activities by PRC Residents and Corporations*

The PRC National Development and Reform Commission (the "NDRC") and SAFE have promulgated regulations that require PRC residents and PRC corporate entities to register with and obtain approvals from relevant PRC government authorities in connection with their direct or indirect offshore investment activities. These regulations apply to the Adviser which is a PRC limited liability company and may apply to any offshore acquisitions or portfolio investment opportunities in the PRC that the Client may make in the future.

Under the SAFE regulations, PRC residents or corporations who make, or have previously made, direct or indirect investments in offshore companies will be required to register those investments. In addition, any PRC resident or corporation who is a direct or indirect shareholder of an offshore company is required to file with the local branch of SAFE, with respect to that offshore company, any material change involving capital variation, such as an increase or decrease in capital, transfer or swap of shares, merger, division, long term equity or debt investment or creation of any security interest over the assets located in PRC. If any PRC shareholder fails to make the required SAFE registration, the PRC subsidiaries of that offshore parent company may be prohibited from distributing their profits and the proceeds from any reduction in capital, share transfer or liquidation, to their offshore parent company, and the offshore parent company may also be prohibited from injecting additional capital into their PRC subsidiaries. Moreover, failure to comply with the various SAFE registration requirements described above could result in liability under PRC laws for evasion of applicable foreign exchange restrictions.

#### *Risks Relating to Legislative or Regulatory Changes*

The Chinese government may issue new rules and regulations which may raise higher or tighter

requirements for private equity fund operations or investments in the PRC. Changes in laws and regulations or the enactment of new laws and regulations governing private equity fund operations or investments in the PRC may materially and adversely affect the Client's business prospects and results of operations.

#### **Item 9. Disciplinary Information**

Item 9 is not applicable to the Adviser.

#### **Item 10. Other Financial Industry Activities and Affiliations**

##### **Related General Partners**

Various limited liability companies serve as general partners of the Funds and are affiliated entities of the Adviser. For a description of material conflicts of interest created by the relationship among the Adviser and the general partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

##### **Affiliated Adviser / General Partner**

There is currently one affiliated adviser and one affiliated general partners with which the Adviser has a relationship or other arrangement that is material to the advisory business of the Adviser or the Client.

FEIML, a Cayman Islands exempted company with limited liability, files as an exempt reporting adviser with the SEC. FEIML provides investment supervisory services to funds (including the Client) pursuant to advisory agreements, including investigating, structuring and negotiating potential investments, monitoring the performance of such investments, and advising its clients as to disposition opportunities. FEIML also provides other management and administrative services to funds (including the Client).

Fosun China Momentum Fund GP, Ltd. serves as the General Partner of the Client.

For a description of material conflicts of interest created by these relationships, as well as a description of how such conflicts are addressed, please see Item 11 below.

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

##### **Code of Ethics**

The Adviser has adopted a written Code of Ethics that is applicable to all of its partners, officers and employees, as well as its Associated Persons and certain independent contractors (collectively, "Adviser Personnel") with respect to the investment supervisory services provided to the Client. The Adviser does not intend for the Code of Ethics to be applicable to the Adviser Personnel with respect to the investment supervisory services provided to Funds other than the Client. The Code of Ethics, which is designed to comply with Rule 204A-1 under the Advisers

Act with respect to the Client, establishes guidelines for professional conduct and personal trading procedures, including certain pre-clearance and reporting obligations. Adviser Personnel and their families and households may purchase investments for their own accounts, including the same investments as may be purchased or sold for the Client, subject to the terms of the Code of Ethics. Under the Code of Ethics, Adviser Personnel are also required to file certain periodic reports with the Adviser's Chief Compliance Officer as required by Rule 204A-1 under the Advisers Act. The Code of Ethics helps the Adviser detect and prevent potential conflicts of interest.

Adviser Personnel who violate the Code of Ethics may be subject to remedial actions, including, but not limited to, profit disgorgement, fines, censure, demotion, suspension or dismissal. Adviser Personnel are also required to promptly report any violation of the Code of Ethics of which they become aware. Adviser Personnel are required to annually certify compliance with the Code of Ethics.

A copy of the Code of Ethics is available to any client or prospective client upon written request to the Chief Compliance Officer, c/o Shanghai Fosun Chuangfu Equity Investment Management Company Limited, 17th Floor, Tower S1, 600 Zhongshan No. 2 Road (E) Shanghai, 200010 China.

#### *Participation or Interest in Client Transactions*

Certain employees of the Adviser and its affiliates may invest in and alongside the Client, either through the General Partner, as direct investors in the Client or otherwise. The Client or the General Partner, as applicable, may reduce all or a portion of the Advisory 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 "Conflicts of Interest" immediately below.

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

#### *Conflicts of Interest*

Solely for purposes of this "*Conflicts of Interest*" section, the term "Funds" includes the Funds advised by the Adviser and the funds and clients advised by affiliates of the Adviser.

The Adviser, its affiliates and their related entities engage in a broad range of activities, including investment activities for their own account and for the account of various investment funds, and providing transaction-related, investment advisory, management and other services to funds and operating companies. In the ordinary course of conducting its activities, the interests of the Client may conflict with the interests of the Adviser, its affiliates, other Funds or any of

their respective affiliates. Certain of these conflicts of interest, as well a description of how the Adviser addresses such conflicts of interest, can be found below.

The Adviser may, from time to time, establish certain investment vehicles through which certain employees of the Adviser, its affiliates and certain employees thereof, certain business associates, other “friends of the firm”, or other persons may invest alongside one or more Funds. Such vehicles, referred to herein as “co-investment vehicles” are generally contractually required, as a condition of investment, to purchase and sell each investment opportunity on substantially the same terms (including price) as the applicable Fund that is invested in that investment opportunity.

### *Resolution of Conflicts*

In the case of all conflicts of interest, the Adviser’s determination as to which factors are relevant, and the resolution of such conflicts, will be made using the Adviser’s best judgment, but in its sole discretion. In resolving conflicts, the Adviser may consider various factors, including the interests of the applicable Funds with respect to the immediate issue and/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 may mitigate, but will not eliminate, conflicts of interest:

- (1) The Adviser will not make a recommendation for an investment to a Fund, and, to the extent the Adviser has discretionary authority, a Fund will not make an investment, unless the Adviser believes that such investment is an appropriate investment considered solely 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 relevant offering and/or organizational documents for the Funds;
- (3) The Client has established an advisory committee, consisting of representatives of investors not affiliated with the Adviser or its affiliates. The advisory committee meets as required to consult with the Adviser as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, the Adviser will be guided by its good faith discretion;
- (4) Where the Adviser 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
- (5) 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 the Fund.

### *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 may be faced by such a Fund. Other conflicts may be disclosed throughout this brochure and the brochure should be read in its entirety for other conflicts.

*Allocation of Investment Opportunities Among Funds and Allocation of Co-Investment Opportunities*

In connection with its investment activities, the Adviser or its affiliates may encounter situations in which it must determine how to allocate investment opportunities among various clients and other persons, which may 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 employees, business associates and other “friends and family” of the Adviser or its personnel; individuals and entities that are also investors in one or more Funds (“Adviser Investors”); and/or individuals and entities that are not investors in any Funds (“Third Parties”));
- Adviser Investors and/or Third Parties 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
- Adviser Investors and/or Third Parties acting as “co-sponsors” with the Adviser with respect to a particular transaction.

Additionally, investment opportunities may also need to be allocated among the Adviser, its affiliates, and to clients of the Adviser and its affiliates.

The Adviser has adopted written policies and procedures relating to the allocation of investment opportunities, and will make allocation determinations consistently therewith (as described below).

The Funds are generally subject to investment allocation requirements (collectively, “Investment Allocation Requirements”), which will also apply directly or indirectly to certain co-investment vehicles with investments contractually tied to the Funds. Investment Allocation Requirements may be set forth in the instrument under which the Fund was established (such as a Fund’s limited partnership agreement or private placement memorandum), or in side letters. To the extent the Investment Allocation Requirements of a Fund do not include specific allocation procedures and/or allow the Adviser discretion in making allocation decisions among the Funds, the Adviser will follow the process set forth below.

The Adviser must first determine which Funds may participate in an investment opportunity. The Adviser 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 offering memoranda and



organizational documents. Prior to making any allocation to a Fund of an investment opportunity, the Adviser determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** the Adviser may be required to offer an investment opportunity to one or more Funds. This obligation to offer investment opportunities may be set forth in a Fund's offering documents and/or operating agreement
- **Related Investments:** the Adviser may 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:** the Adviser may 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 will participate in a particular investment have been identified, the Adviser, in its discretion, decides how to allocate such investment opportunity among the identified Funds. In allocating such investment opportunity, the Adviser may consider some or all of a wide range of factors, which may include, but are not necessarily limited to, 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;
- Amount of capital available for investment by each Fund as well as each Fund's projected future capacity for investment;
- Each Fund's targeted rate of return;
- Stage of development of the prospective portfolio company or other investment;
- Composition of each Fund's portfolio;
- The suitability as a follow-on investment for a current portfolio company of a Fund;
- The availability of other suitable investments for each Fund;
- 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 applicable offering and organizational documents of each Fund.

The Adviser will not allocate investment opportunities based, in whole or in part, on (i) the relative fee structure or amount of fees paid by any Fund or (ii) the profitability of any Fund.

Subject to any Investment Allocation Requirements, in general, (i) no investor in the Client has a right to participate in any co-investment opportunity, (ii) decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of the Adviser, (iii) co-investment opportunities may, and typically will, be offered to some and not other investors in the Client, in the sole discretion of the Adviser, and (iv) certain persons other than investors in the Client (e.g., Third Parties) may be offered co-investment opportunities, in the sole discretion of the Adviser. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not Investment Allocation Requirements and do not require the Adviser to notify the recipients of such acknowledgements if there is a co-investment opportunity.

The Adviser will determine if the amount of an investment opportunity exceeds the amount the Adviser determines would be appropriate for the Client (after taking into account any portion of the opportunity allocated by contract to certain participants in the applicable deal, such as co-sponsors, consultants and advisers to the Adviser and/or the Client or management teams of the applicable portfolio company, certain strategic investors and other investors whose allocation is determined by the Adviser to be in the best interest of the Client), and any such excess may be offered to one or more co-investors pursuant to the procedures included in the Client's organizational documents/side letter agreements and as set forth in the following paragraphs.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment among the Client and other potential co-investors, the Adviser may consider some or all of a wide range of factors, which may include, but are not limited to, the following:

- The Adviser's evaluation of the size and financial resources of the potential co-investment party and the Adviser's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources) to efficiently and expeditiously participate in the investment opportunity with the Client without harming or otherwise prejudicing the Client, in particular when the investment opportunity is time-sensitive in nature, as is typically the case;
- Any confidentiality concerns the Adviser may have that may arise in connection with providing the other account or person with specific information relating to the investment opportunity in order to permit such potential co-investment party to evaluate the investment opportunity;
- The Adviser's perception of its past experiences and relationships with the potential co-investment party, such as the willingness or ability of the potential co-investment party to respond promptly and/or affirmatively to potential investment opportunities previously offered by the Adviser;

- The Adviser's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, reporting, public relations, media or other burdens that make it less likely that the other account or person would act upon the investment opportunity if offered;
- The Adviser's evaluation of whether the profile or characteristics of the potential co-investment party may have an impact on the viability or terms of the proposed investment opportunity and the ability of the Client to take advantage of such opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which the Client wishes to invest, or if the identity of the potential co-investment party, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of the Client being able to capitalize on a potential investment opportunity); and
- Whether the Adviser believes, in its sole discretion, that allocating investment opportunities to a potential co-investment party will help establish, recognize, strengthen and/or cultivate relationships that may provide indirectly longer-term benefits to the Client.

The Adviser's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons, including the Client, potential co-investors, Adviser Investors and Third Parties, and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. While the Adviser 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 the Client'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 Adviser may be subject, discussed herein, did not exist.

In the event the Adviser determines to offer an investment opportunity to co-investors, there can be no assurance that the Adviser 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 a Fund or that expenses incurred by the Fund with respect to the syndication of the co-investment will not be substantial. In the event that the Adviser is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, a 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 and/or business conditions with respect thereto. Moreover, an investment by the Fund which is not syndicated to co-investors as originally anticipated could significantly reduce the Fund's overall investment returns.

In addition, to the extent the Adviser has discretion over a secondary transfer of interests in the Client pursuant to the Client's organizational documents, the Adviser may consider the factors listed above in exercising such discretion. Subject to any restrictions in the organizational

documents of the Client, the Adviser or its affiliates may be asked to identify a limited number of Adviser Investors or Third Parties to potentially acquire the interest being transferred.

The appropriate allocation among Funds, Adviser Investors and Third Parties of expenses and fees generated in the course of evaluating potential investments which are not consummated, such as out-of-pocket fees associated with due diligence, attorney fees and the fees of other professionals, shall be borne by the Funds and by the proposed applicable co-investors who have indicated an interest to invest in proportion to the capital committed by each such entity to such co-investment. There may be occasions when one Fund (the “Payor Fund”) pays an expense common to multiple funds (the “Allocated Funds”) (e.g., legal expenses for a transaction in which all such funds participate). On such occasions, each Allocated Fund will reimburse the Payor Fund for its share of such expense, without interest, promptly after the payment is made by the Payor Fund. While highly unlikely, it is possible that one of the Allocated Funds could default on its obligation to reimburse the Payor Fund.

The Client may sell down an interest in its portfolio companies to co-investors. Subject to the applicable organizational documents, the Adviser may charge (or may decide not to charge) a co-investor (such as a Fund or Third Party) interest costs for the time period between the closing of the Client’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable co-investor.

In exercising its discretion to allocate investment opportunities and fees and expenses, the Adviser may be faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Funds with differing fee, expense and compensation structures, the Adviser may have an incentive to allocate investment opportunities to the Funds from which the Adviser or its affiliates may derive, directly or indirectly, a higher fee, compensation or other benefit.

In addition, principal executive officers and other personnel of the Adviser invest indirectly in and may be permitted to invest directly in Funds and may therefore participate indirectly in investments made by the Funds in which they invest. Such interests will vary Fund by Fund. The existence of these varying circumstances may present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a Fund.

#### *Conflicts Related to Purchases and Sales*

Conflicts may arise when the Client makes investments in conjunction with an investment being made by other Funds, or in a transaction where another Fund has already made an investment. Investment opportunities may be appropriate for the Client and another Fund at the same time, or with different or overlapping levels of a portfolio company’s capital structure. Conflicts may arise in determining the terms of investments, particularly where these clients may invest in different types of securities in a single portfolio company. Questions may arise as to whether payment obligations and covenants should be enforced, modified or waived, or whether debt should be refinanced. Decisions about what action should be taken in a troubled situation, including whether or not to enforce claims, whether or not to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, and the terms of any work-out or restructuring

may raise conflicts of interest, particularly in Funds that have invested in different securities within the same portfolio company. Certain Funds may invest in bank debt and securities of companies in which other Funds hold securities, including equity securities. In the event that such investments are made by the Client, the interests of the Client may be in conflict with the interest of such other Fund, particularly in circumstances where the underlying company is facing financial distress. The involvement of such persons at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds may be prohibited from exercising voting or other rights, and may be subject to claims by other creditors with respect to the subordination of their interest. If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Funds may or may not provide such additional capital, and if provided each Fund will supply such additional capital in such amounts, if any, as determined by the Adviser. In addition, a conflict may arise in allocating an investment opportunity if the potential investment target could be acquired by either a Fund or a portfolio company of another Fund. Investments by more than one client of the Adviser or its affiliates in a portfolio company may also raise the risk of using assets of a client of the Adviser or its affiliates to support positions taken by other clients of the Adviser or its affiliates. Employees and related persons of the Adviser and its affiliates have made or may make capital investments in or alongside certain Funds, and therefore may have additional conflicting interests in connection with these investments. There can be no assurance that the return of a Fund participating in a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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

From time to time the Adviser may, in its discretion, enter into transactions with investors in the Client to dispose of all or a portion of certain investments held by the Client. In exercising its discretion to select the purchaser(s) of such investments, the Adviser may consider some or all of the factors listed above under "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*". The sales price for such transactions will be mutually agreed to by the Adviser and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by the Adviser. Although the Adviser is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, it will first determine that such transaction is in the best interests of the Client, taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the Client. Any such transactions will comply with the organizational documents of the Client.

#### *Cross-Transactions*

In certain cases, the Adviser may recommend and cause the Client to purchase investments from another Fund, or it may recommend to the Client and cause the Client to sell investments to another Fund. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, the Client may not receive the best price otherwise

possible, or the Adviser might have an incentive to improve the performance of one Fund by selling underperforming assets to the Client in order, for example, to earn fees. Additionally, in connection with such transactions, the Adviser, its affiliates and/or their professionals (i) may have significant investments, or intentions to invest, in the Fund that is selling and/or purchasing such an investment or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). The Adviser and its affiliates may receive management or other fees in connection with their management of the relevant Funds involved in such a transaction, and may also be entitled to share in the investment profits of the relevant funds.

To address these conflicts of interest, in connection with effecting such transactions, the Adviser will follow the Investment Allocation Requirements or other provisions of the organizational documents of the relevant Funds (e.g., the organizational documents of certain Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those documents so that these Funds' resulting ownership of investments is generally proportionate to the relative capital commitments of the Fund). To the extent such matters are not addressed in the Investment Allocation Requirements, the Adviser's Chief Compliance Officer, in consultation with the Adviser's investment committee, will be responsible for confirming that the Adviser (i) considers its respective duties to each Fund, (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party, and (iii) obtains any required approvals of the transaction's terms and conditions.

The Adviser or its affiliates will not directly or indirectly receive any commission or other transaction-based compensation for effecting any such transaction, and the Adviser and its affiliates will not effect any such transaction for the Client if the Adviser or its affiliates may be deemed to own more than 25% of the Client or the counterparty, unless such transaction complies with the requirements of the Adviser's principal transactions policy, as described below.

### *Principal Transactions*

Section 206 under 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. Very 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. In connection with the Adviser's management of the Client, the Adviser and its affiliates may engage in principal transactions.

The Adviser has established certain policies and procedures 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 Client regarding any proposed principal transactions and that any required prior consent to the transaction be received. In addition, the offering documents, limited partnership agreements or other organizational documents and related documents relating to the Funds generally contain additional restrictions on the ability of the Client, the Adviser or its affiliates to engage in principal transactions.

### *Management of the Funds*

The Adviser and its affiliates manage a number of Funds that may have investment objectives similar to each other. The Adviser or its affiliates may in the future establish one or more additional investment 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 and Allocation of Co-Investment Opportunities*” above. In addition, it is expected that the Associated Persons and other employees of the Adviser responsible for managing the Client will have responsibilities with respect to other Funds managed by the Adviser, including Funds that may be raised in the future. Conflicts of interest may arise in allocating time, services or functions of these officers and employees.

### *Follow-on Investments*

Investments to finance follow-on acquisitions may present conflicts of interest, including determination of the equity component and other terms of the new financing as well as the allocation of the investment opportunities in the case of follow-on acquisitions by one Fund in a portfolio company in which another Fund has previously invested. In addition, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which another Fund has already invested or will invest. Conflicts of interest may 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.

### *Conflicts Relating to the General Partner, the Adviser and its Affiliates*

Subject to the applicable organizational documents, the Adviser generally may, in its discretion, contract with any related person of the Adviser or its affiliates (including but not limited to a portfolio company of a Fund) to perform services for the Adviser in connection with its provision of services to the Client. When engaging a related person to provide such services, the Adviser may have an incentive to recommend the related person even if another person may be more qualified to provide the applicable services and/or can provide such services at a lesser cost.

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

Subject to the applicable organizational documents, the Adviser and the partners, officers, principals and employees may buy or sell securities or other instruments that the Adviser has recommended to the Client. In addition, officers, principals and employees may buy securities in transactions offered to but rejected by the Client. Such transactions are subject to the policies and procedures set forth in the Adviser's Code of Ethics. The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Client. If officers, principals and employees of the Adviser have made large capital investments in or alongside the Client they may have conflicting interests with respect to these investments.

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

#### *Fee Structure*

Because there is a fixed investment period after which capital from investors in the Client may only be drawn down in limited circumstances and because Advisory Fees payable to FEIML are, at certain times during the life of the Client, based upon capital invested by the Client, this fee structure may create an incentive to make recommendations to deploy capital when the Adviser may not otherwise have done so.

Additionally, as discussed above in Item 6, the General Partner is entitled to Carried Interest under the terms of the organizational documents of the Client. The General Partner is an affiliate of the Adviser. The existence of the General Partner's Carried Interest may create an incentive for the General Partner to cause the Client to make more speculative investments than they would otherwise make in the absence of performance-based compensation.

#### *Providers of Operations Support*

The general partner and the portfolio companies will from time to time retain other companies and individuals ("Operations Support Providers"), which may be affiliates of the general partner, employees of such affiliates, portfolio companies of other of the Adviser's funds, third party consultants (including specialized consultants, external executives, and industry advisory roundtable members), "operating partners" or "senior advisors". The Operations Support Providers are engaged to provide operational support, specialized operations and consulting services and similar or related services to, or in connection with, one or more portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies ("Operations Support Services"). These services may include support to the general partner or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information



technology, corporate communications, customer service, sustainability (including, strategy, policy and reporting development), real estate matters and similar operational matters.

Pursuant to the organizational documents of the Client, fees and expenses associated with Operations Support Services (“Operations Expenses”) may be paid and/or reimbursed by portfolio companies and/or the Funds. Operations Expenses (including Operations Expenses incurred in connection with an affiliated Operations Support Provider) may be determined at the discretion of the general partner, and may otherwise be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of the Operations Support Provider, a percentage of the value of the portfolio company, the invested capital exposed to such portfolio company, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies. The determination of whether a service is an Operations Support Service will be made by the general partner, in its good faith discretion. Operations Expenses may also be incurred in respect of portfolio companies prior to the closing of the investment. In the event one or more Operations Support Providers (directly or indirectly) is providing services with respect to the Client, such Operations Expenses will be allocated among the Funds as determined by the general partner or manager, as applicable in a fair and equitable manner. To the extent any such Operations Expenses are payable to any affiliated Operations Support Provider by the Funds or a portfolio company, such Operations Expenses will not reduce any fees otherwise payable to the management company or its affiliates. The general partner’s good faith determination as to whether a service is an Operations Support Service, the categorization of any fees and expenses (e.g., as Operations Expenses) and the allocation of such fees and expenses shall be binding on the Client and its investors.

### *Related Services*

As described in Item 5 above, the Adviser and its affiliates may perform Related Services for, and will receive fees from, actual or prospective portfolio companies or other investment vehicles of the Client. Such fees will be in addition to any Advisory Fees or Carried Interest paid to the Adviser and its affiliates. Consistent with the Client’s other organizational documents, the Adviser may incur expenses, and a portfolio company may reimburse the Adviser or its affiliates for such expenses (including without limitation travel expenses) incurred by the Adviser or its affiliates in connection with its performance of services for such portfolio company. Such reimbursements are not subject to the sharing arrangements described herein. Additionally, since the term of the Advisory Agreement may exceed ten years (and may be subject to automatic extensions and renewals), there are also certain circumstances (such as the occurrence of an initial public offering or strategic exit) which may accelerate the payment of such fees. These fees may be substantial, particularly in the event such circumstances occur early in the life of the Client’s investment in such portfolio company. This creates a conflict of interest between the Adviser, its affiliates and the Client and its investors because the amounts of these fees and reimbursements may be substantial and the Client and its investors generally do not have an interest in these fees and reimbursements. The Adviser or its affiliates determines the amount of these fees for Related Services and reimbursements in its own discretion, subject to agreements with sellers, buyers, and management teams, the board of directors of or lenders to portfolio companies, and/or third party co-investors in its transactions, and the amount of such

fees and reimbursements may not (except in connection with the reductions described below) be disclosed to investors in the Client. FEIML may generally reduce the amount of Advisory Fees paid to FEIML in connection with the receipt of the Client's fees. Entities other than the Client that participate in investments alongside the Client (such as entities through which the Adviser, its affiliates and certain employees of the Adviser and its affiliates invest alongside the Client) may have a right to share in such fees, and advisory fees will generally not be reduced in connection with the receipt of such entities' share of such fees.

### *Diverse Membership*

The investors in the Client are expected to include United States taxable and tax-exempt entities, and institutions from jurisdictions outside of the United States. Such investors may have conflicting investment, tax and other interests with respect to their investments in the Client. The conflicting interests among the investors may relate to or arise from, among other things, the nature of investments made by the Client, the structuring of the acquisition of investments and the timing of the disposition of investments. As a consequence, conflicts of interest may arise in connection with decisions made by the Adviser, including with respect to the nature or structuring of investments, that may be more beneficial for one investor than for another investor, especially with respect to investors' individual tax situations. In selecting and structuring investments appropriate for Client, the Adviser will consider the investment and tax objectives of the Client, not the investment, tax or other objectives of any investor individually.

### *Business with Portfolio Companies and Investors*

Given the collaborative nature of the Adviser and its affiliates' businesses and the portfolio companies in which the Funds have invested, there are often situations where the Adviser is in the position of recommending portfolio company services to other portfolio companies. The Adviser may have a conflict of interest in making such recommendations, in that the Adviser 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.

The Adviser may have an incentive to recommend the products or services of certain investors in the Client, certain Third Parties, or their related businesses to the Client or its portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Client or its portfolio companies.

Subject to the applicable organizational documents, portfolio companies controlled by the Funds may provide services to certain Fund investors. The Adviser may have an incentive to cause 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 Funds. Additionally, the portfolio company could recommend to its clients or customers that they invest in a Fund.

Subject to the applicable organizational documents, the Advisers or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example,

without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company).

The Adviser has service providers, including for example, investment bankers, outside legal counsel and pension consultants, who are investors in Funds and/or who provide services to businesses that are competitors of the Adviser and its affiliates. The Adviser may 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 Adviser or its affiliates information about markets and industries in which the Adviser or its affiliates operates or is interested or will provide other services that are beneficial to the Adviser or its affiliates. There is a possibility that the Adviser, because of such belief or for other reasons, may favor such retention or continuation even if a better price and/or quality of service could be obtained from another person.

Certain members of a Fund's advisory committee are, or in the future may be, officers or directors of, or otherwise affiliated with, investors in another Fund. The general partner of a Fund may from time to time utilize the services of investors and their affiliates on an arm's length basis, as it deems appropriate.

#### *Positions with Portfolio Companies*

Employees of the Adviser or its affiliates may serve as directors of portfolio companies. Such employees are required to remit any remuneration they may receive as directors to the Client. In addition, employees of the Adviser or its affiliates may leave the employment of the Adviser or its affiliates and become an officer or employee of a portfolio company. Employees are prohibited from receiving consulting, management or other fees personally from portfolio companies.

#### *Side Letter Agreements*

The Adviser may enter into certain side letter arrangements with certain investors in the Client providing such investors with different or preferential rights or terms, including but not limited to different fee structures, information rights, co-investment rights, and liquidity or transfer rights.

#### *Advisory Affiliates*

As described in Item 10 above, FEIML provides discretionary investment supervisory services to other clients. Clients of the Adviser and FEIML may invest in the same portfolio companies, including in the same security or in different securities of such a portfolio company. Interests of the Funds may therefore conflict with the interests of the clients of the Adviser and its affiliates. For instance, see "*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*" and "*Conflicts Related to Purchases and Sales*" above for more information.

### *Investment in Funds managed by Adviser*

The Adviser currently provides discretionary investment supervisory services to several Non-US Funds. In those Non-US Funds, while the Advisor is acting as the discretionary investment adviser by having equity interests in the general partner or the advisers of the Non-US Funds, it also owns certain limited partnership interests, through itself or its affiliates in one of the Non-US Funds. Although such structure and arrangement have been approved by other investors in such fund, potential conflicts of interest may arise when the Adviser allocates the investment opportunities between this fund, on the one hand, and other Non-US Funds, on the other.

To address this potential conflict, the Adviser maintains policies and procedures designed to treat all clients fairly when aggregating and allocating investment opportunities. For more information on how the Advisers allocates investment opportunities among Non-US Funds, please refer to “*Allocation of Investment Opportunities Among Clients and Allocation of Co-Investment Opportunities*” above. Further, the Adviser has a fiduciary duty to act in the best interests of clients.

### *Other Potential Conflicts*

The Adviser and the Client will generally engage common legal counsel and other advisers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Client may be investors in the Client, and may also represent one or more portfolio companies or investors in the Client. In the event of a significant dispute or divergence of interest between the Client and the Adviser, the parties may engage separate counsel in the sole discretion of the Adviser, and in litigation and other circumstances separate representation may be required. Additionally, the Adviser and the Client and the portfolio companies of the Client may engage other common service providers. In such circumstances, there may be a conflict of interest between the Adviser, on the one hand and the Client and portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that the Adviser may 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 Client and/or the portfolio companies.

Subject to the applicable organizational documents, the Adviser may, in its discretion, have, and may, in its discretion, cause the Client and/or its portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of the Adviser or its affiliates. The Client and/or its portfolio companies may bear, directly or indirectly, the costs of such dealings, arrangements or agreements. In such circumstances, there may be a conflict of interest between the Adviser and the Client (or its portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that the Adviser may favor the engagement or continued engagement of such persons even if a better price and/or quality of service could be obtained from another person.

The partnership agreement (or analogous organizational documents) of the Client permits the General Partner to withhold information from certain limited partners or investors in the Client in

certain circumstances. For instance, information may be withheld from limited partners that are subject to Freedom of Information Act or similar requirements. The General Partner of the Client may elect to withhold certain information to such limited partners for reasons relating to the general partner's public reputation or overall business strategy, despite the potential benefits to such limited partners 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 Adviser may seek to alleviate conflicts of interest among the Funds or other persons.

## **Item 12. Brokerage Practices**

As the Client invest primarily in private equity ventures, the Adviser anticipates that investments in publicly traded securities will be infrequent occurrences (e.g., money market instruments pending investment in a portfolio company, securities held as a result of initial public offerings of portfolio companies, going-private transactions, etc.). As of December 31, 2022, the Client has not invested any companies which are or have been listed on the U.S. Stock Exchange. Furthermore, the Adviser provides non-discretionary advice only to the Client as a PRC sub-advisor, who does not have sole discretion over the purchase and sale of any investments and the broker or dealer to be used to effect transactions.

## **Item 13. Review of Accounts**

### **Oversight and Monitoring**

The investment portfolio of the Client is generally private, illiquid and long-term in nature, and accordingly the Adviser's review of them is not directed toward a short-term decision to dispose of securities. However, the Adviser monitors the portfolio companies of the Client and the portfolios are reviewed by a team of investment professionals on a periodic basis. The team generally includes Managing Directors and other investment professionals of the Adviser.

### **Reporting**

Investors in the Client typically receive, among other things, a copy of audited financial statements of the Client within 90 days after the Client's fiscal year end, as well as quarterly performance reports within 45 days after the first three fiscal quarters of the Client's fiscal year, from FEIML under the direction of the General Partner. The General Partner and FEIML, if any, may from time to time, in their sole discretion, provide additional information relating to the Client to one or more investors in the Client as they deem appropriate. The Advisor does not directly provide the financial statements, performance reports or other information relating to the Client to the investors unless otherwise authorized by the General Partner or FEIML.

## **Item 14. Client Referrals and Other Compensation**

For details regarding economic benefits provided to the Adviser by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item

11 above. In addition, the Adviser may, in certain instances, receive discounts on products and services provided by portfolio companies of the Client and/or the customers or suppliers of such portfolio companies.

While not a client solicitation arrangement, the Adviser may from time to time engage one or more persons to act as a placement agent for the Client in connection with the offer and sale of interests to certain potential investors. Such persons generally will receive a fee in an amount equal to a percentage of the capital commitments for interests made by such potential investors to the Client that are subsequently accepted. Advisory Fees received by FEIML are generally reduced by the amount of such fees.

#### **Item 15. Custody**

The Adviser provides only non-discretionary investment services to the Client and does not maintain custody of the Client's funds or securities. Accordingly, Item 15 is not applicable to the Adviser.

#### **Item 16. Investment Discretion**

The Advisor currently provides non-discretionary investment supervisory services to the Client and provides discretionary investment supervisory services to the Non-US Funds. Investment advice is not provided individually to the investors in the Funds and instead, is provided directly to the Funds, subject to the discretion and control of the applicable general partner of each such Funds. Services are provided to the Funds in accordance with the Advisory Agreements and/or organizational documents of the applicable Fund. Investment restrictions for the Funds, if any, are generally established in the organizational or offering documents of the applicable Fund.

#### **Item 17. Voting Client Securities**

Solely for purposes of this "*Voting Client Securities*" section, the term "Adviser" includes the Adviser and the General Partner.

The Adviser has established written policies and procedures setting forth the principles and procedures by which the Adviser votes or gives consent with respect to securities owned by the Client ("Votes").

The guiding principle by which the Adviser votes all Votes is to vote in the best interests of the Client by maximizing the economic value of the Client's holdings, taking into account the Client's investment horizon, the contractual obligations under the relevant Advisory Agreements or comparable documents, and all other relevant facts and circumstances at the time of the vote. The Adviser does not permit Voting decisions to be influenced in any manner that is contrary to, or dilutive of, this guiding principle.

It is the Adviser's general policy to vote or give consent on all matters presented to security holders in any Vote. However, the Adviser reserves the right to abstain on any particular Vote or otherwise withhold its vote or consent on any matter if, in the judgment of the Adviser's investment committee or the relevant Adviser investment professional, the costs associated with

voting such Vote outweigh the benefits to the Client or if the circumstances make such an abstention or withholding otherwise advisable and in the best interests of the Client.

The Client generally cannot direct the Adviser's Vote.

All Voting decisions initially are referred to the Adviser's investment committee or appropriate investment professional for a voting decision. In most cases, the Adviser's investment committee will make the decision as to the appropriate vote for any particular Vote. In making such decision, he or she may rely on any of the information and/or research available to him or her. If the investment professional is making the Voting decision, the investment professional will inform the CCO of any such Voting decision, and if the CCO does not object to such decision as a result of his or her conflict of interest review, the Vote will be voted in such manner. If the investment professional and the CCO are unable to arrive at an agreement as to how to vote, then the CCO may consult with the Adviser's General Counsel as to the appropriate vote, who will then review the issues and arrive at a decision based on the overriding principle of seeking the maximization of the economic value of the Client's holdings.

The Adviser's CCO has the responsibility to monitor Votes for any conflicts of interest, regardless of whether they are actual or perceived. All Voting decisions will require a mandatory conflicts of interest review by the Adviser's CCO in accordance with these policies and procedures, which will include consideration of whether the Adviser or any investment professional or other person recommending how to vote and/or the Adviser's affiliates and their clients has an interest in how the Vote is voted that may present a conflict of interest. In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of Votes in accordance with the principles set forth above, according the first priority to the best interest of the Client. The Adviser's CCO will use his or her best judgment to address any such conflict of interest and ensure that it is resolved in accordance with his or her independent assessment of the best interest of the Client.

Where the Adviser's CCO deems appropriate in his or her sole discretion, unaffiliated third parties may be used to help resolve conflicts. In this regard, the Adviser's CCO shall have the power to retain independent fiduciaries, consultants, or professionals to assist with Voting decisions and/or to delegate voting or consent powers to such fiduciaries, consultants or professionals.

Copies of relevant proxy logs, identifying how proxies were voted in connection with the Fund and copies of proxy voting policies are available to any client or prospective client upon written request to: Chief Compliance Office, c/o Shanghai Fosun Chuangfu Equity Investment Management Company Limited, 17th Floor, Tower S1, 600 Zhongshan No. 2 Road (E) Shanghai, 200010 China.

## **Item 18. Financial Information**

Item 18 is not applicable to the Adviser.