

Form ADV Part 2A: Firm Brochure



Sagard

SAGARD HOLDINGS MANAGER LP

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This brochure provides information about the qualifications and business practices of Sagard Holdings Manager LP (“**Sagard**”). If you have any questions about the contents of this Form ADV Part 2A (this “**Brochure**”), please contact Sagard’s Chief Compliance Officer (the “**CCO**”) at 514-286-6248 or compliance@sagardholdings.com. The information in this Brochure has not been approved or verified by the United States Securities and Exchange Commission (“**SEC**”) or by any state securities authority. Sagard is an investment adviser registered with the SEC. This registration does not, however, imply a certain level of skill or training of any Sagard personnel.

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

ITEM 2 - MATERIAL CHANGES

This Brochure is intended to provide potential and existing clients with an overview of Sagard and contains important disclosures such as certain practices of the company, potential material conflicts that may arise and key investment risks.

This brochure, dated March 31, 2023, updates our brochure dated November 21, 2022. This brochure contains routine annual updates, as well as certain other updates, including those regarding fund fees and expenses, risk factors and conflicts of interest.

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ITEM 4 - ADVISORY BUSINESS

Corporate Structure

Sagard is a multi-strategy alternative asset manager building businesses through capital, culture and network. Sagard, an Ontario limited partnership with its principal place of business in Toronto, Ontario, was established in 2017 and is registered as an investment adviser with the SEC. Sagard provides advisory services through Sagard affiliate-sponsored investment vehicles and separately managed account arrangements principally for institutional clients. Based on valuations conducted as of December 31, 2022, Sagard has approximately \$5,361,646,739 in regulatory assets under management, all on a discretionary basis.

The general partner of Sagard is Sagard Holdings Manager GP Inc., which is a wholly-owned subsidiary of Sagard Holdings Management Inc. ("**SHMI**"). SHMI is a subsidiary of Sagard Holdings Inc. ("**SHI**"), which in turn, is an indirect subsidiary of Power Corporation of Canada ("**PCC**"). PCC is a publicly traded international management and holding company that focuses on financial services in North America, Europe and Asia. Its core holdings are leading insurance, retirement, wealth management and investment businesses, including a portfolio of alternative asset investment platforms.

Sagard Investment Advisory Services

Sagard provides investment advisory services across two platforms:

Financial Services, Technology & Growth. Within this platform, Sagard provides investment advisory services to private funds which operate within the Portage business line ("**Portage**").

- (i) **Portage Ventures.** The Portage venture capital funds (together with any parallel funds, feeder funds or alternative investment vehicles, the "**Portage Ventures Funds**") invest globally in technology companies in the financial services sector.
- (ii) **Portage Ventures Co-Investment Vehicles.** Sagard provides investment advisory services to investment vehicles which co-invest with the Portage Ventures Funds in select portfolio companies (the "**Portage Co-Investment Funds**"). Portage offers investment opportunities through these vehicles if Portage determines there is a fair and reasonable justification to not allocate an opportunity or a portion of an opportunity to the Portage Ventures Funds, provided that it has satisfied any co-investment commitments to existing investors in the Portage Ventures Funds to the extent applicable.
- (iii) **Portage Capital Solutions.** Portage Capital Solutions (together with any parallel funds, feeder funds or alternative investment vehicles, the "**PCS Funds**" and collectively with the Portage Ventures Funds and the Portage Co-Investment Funds, the "**Portage Funds**") invests globally in direct structured equity investments and other capital solutions in the financial technology and financial services sectors.

North American Middle Market & Yield Solutions. The North American Middle Market & Yield Solutions platform has four distinct business lines:

- (i) **Sagard Credit Partners.** Sagard Credit Partners (together with any parallel funds, feeder funds or alternative investment vehicles, the "**SCP Funds**") invests in non-sponsored credit opportunities in public and private mid-market companies across Canada and the US.

- (ii) **Sagard Senior Lending Partners.** Sagard provides advisory services to Sagard Senior Lending Partners (together with any parallel funds, feeder funds or alternative investment vehicles, the “**SSLP Funds**” and collectively with the SCP Funds, the “**Private Credit Funds**”). The SSLP Funds invest primarily in first lien non-sponsored credit opportunities in public and private middle market companies.
- (iii) **Sagard Healthcare Partners.** Sagard Healthcare Partners, (together with any parallel funds, feeder funds, alternative investment vehicles and Sagard managed co-investment vehicles or classes of securities, the “**SHP Funds**”) invests in income-generating royalty opportunities in the biopharmaceutical industry.
- (iv) **Sagard Private Equity Canada.** Sagard Private Equity Canada (together with any parallel funds, feeder funds or alternative investment vehicles, the “**SPEC Funds**”) is a generalist fund focused on Canadian mid-market opportunities.

In addition to providing investment advisory services in respect of the Portage Funds, the Private Credit Funds, the SHP Funds, and the SPEC Funds (together the “**Funds**”), Sagard may, in the future, offer investment advisory services to other private funds. In addition, Sagard provides investment advisory services to a limited number of institutional clients via separately managed accounts (“**SMAs**” and together with the “**Funds**”, the “**Advisory Clients**”).

Sagard or one of its affiliates may also establish or direct the establishment of one or more dedicated feeder vehicles, or may enter into arrangements with one or more sponsors (which could be an entity affiliated with Sagard) regarding the establishment of such vehicles, to facilitate the indirect participation in the Funds by certain institutional or high net worth investors, including qualified clients of any such sponsor, whether directly or through mutual funds, pooled funds or segregated accounts managed by any such third-party sponsor (collectively the “**Aggregator Funds**”).

Terms of Advisory Relationships

The terms upon which Sagard serves as investment adviser of an Advisory Client are determined at the time each Advisory Client relationship is established. These terms are generally set out in investment management agreements entered into between Sagard and the Advisory Client, and in respect of the Funds, in the Offering Documents (as defined below) of each Fund. Except as disclosed in the Offering Documents of the Funds, Investors (as defined below) do not generally have the ability to individually terminate the investment management agreement between a Fund and Sagard.

Further, Sagard manages each Fund pursuant to investment guidelines set forth in the applicable governing and offering documents of each Fund, including, as applicable, a limited partnership agreement, a private placement memorandum, a side letter and/or a subscription agreement (the “**Offering Documents**”).

The Offering Documents of a Fund contain more detailed information about the Fund, including a description of the investment objective and strategy or strategies employed by the Fund and related restrictions that serve as a limitation on Sagard's advice or management. Each investor in a Fund (each an “**Investor**” and collectively the “**Investors**”) is advised to undertake appropriate due diligence, including but not limited to a review of the applicable Offering Documents, particularly in relation to the additional details about Sagard's investment strategies, methods of analysis and related risks (which are excerpted and/or summarized in part in Item 8 of this Brochure) in considering whether Sagard's advisory services or an investment in a Fund are appropriate to its own circumstances based on all relevant factors including, but not limited to, the Investor's own investment objectives, liquidity requirements, tax situation and risk tolerance before making an investment decision. To the extent there is a conflict

between the provisions of the Offering Documents and this Brochure, the applicable provisions of such Offering Documents will prevail.

Sagard and/or the general partner of a Fund (each a “**General Partner**”) will from time to time enter into a side letter or other similar agreement, customary for private funds of a similar nature, in connection with an Investor’s investment in a Fund without the approval of any other Investor, which side letter or agreement would have the effect of establishing rights or altering or supplementing the terms of any Offering Documents including fees, co-investment rights or investor reporting with respect to such Investor.

Sagard does not tailor its advisory services in respect of the Funds to any one Investor or provide Investors with the right to specify, or restrict the Funds’ investment objectives or investment decisions, other than as disclosed in the Offering Documents. Accordingly, an investment in a Fund does not create a client-adviser relationship between such Investors and Sagard. However, Sagard will from time to time manage SMAs for individual investors which may create a client-adviser relationship between such investor and Sagard.

Each of the Funds are expected to rely on the exceptions from the definition of an “investment company” provided by Section 3(c)(1) and/or Section 3(c)(7) of the U.S. Investment Company Act of 1940, as amended (the “**1940 Act**”).

Each General Partner is ultimately responsible for decisions made on behalf of the relevant Fund, including those decisions made with respect to investment management. The General Partners generally delegate investment management and advisory responsibilities for the relevant Fund to Sagard. Additional detailed information about Sagard is provided in this Brochure, including information about Sagard’s advisory services, investment approach, personnel and affiliations.

Sagard does not participate in wrap fee programs.

ITEM 5 - FEES AND COMPENSATION

Sagard and/or its affiliates receive management fees from the Advisory Clients. The Funds may also indirectly incur or generate other fees payable to Sagard, depending on the nature of the portfolio activities. Certain fees generally will reduce management fees otherwise payable to Sagard as described below. Sagard and/or its affiliates also receive carried interest, performance fees, a performance allocation or analogous profit allocations (a “**Performance-Based Fee**”). Performance-Based Fees are discussed in Item 6. The Advisory Clients may also bear certain out-of-pocket expenses incurred by Sagard in connection with the services provided.

The following sections discuss the most common fees and expenses, each of which are described in more detail in the applicable Offering Documents for each Fund or the investment management agreement for each SMA.

A. Management Fees

As an investment adviser to the Funds, Sagard receives a management fee, at a rate which is generally payable quarterly as a percentage of committed or invested capital or as a percentage of the capital contributions and the amount of any outstanding borrowing of the applicable Fund, as documented in the Offering Documents for each Fund. Depending upon the particular Fund, and as described in the Offering Documents for each Fund, the management fee may be paid to Sagard in advance or in arrears of the particular quarter. Additionally, Sagard may waive or reduce management fees for certain Investors at its discretion as disclosed in the Offering Documents of the applicable Fund.

Management fees for each SMA are individually negotiated, and generally are paid on a quarterly basis (in advance or in arrears).

To the extent a management fee is paid by an Advisory Client in advance and the applicable investment management agreement is terminated before the end of a billing period, the Advisory Client may obtain a refund of the management fee by contacting Sagard and the amount of the refund will be determined at Sagard's sole discretion acting reasonably and in accordance with the Offering Documents.

B. Portfolio Company Fees

In addition to the management fees and Performance-Based Fees, Sagard and its affiliates may from time to time receive a variety of other cash, equity and other non-cash fees relating to the investment activities of a Fund, its portfolio companies and prospective portfolio companies, including monitoring fees, transaction fees, consulting fees, advisory fees, director fees and other similar fees, break-up fees and litigation proceeds from transactions not consummated by a Fund, work fees, commitment fees, closing fees, origination fees and/or other fees and annual retainers from, or with respect to, the portfolio companies and prospective portfolio companies (collectively with the other fees described in this section, "**Portfolio Company Fees**").

Sagard does not expect to receive Portfolio Company Fees in any substantial amount in connection with most of its Funds though with respect to certain Funds, Portfolio Company Fees may be substantial. In instances where Portfolio Company Fees are received, the disclosure in this section explains how Sagard intends to deal with these fees. The amount and timing of Portfolio Company Fees received by Sagard or its affiliates are generally specified in the agreements governing the applicable transaction.

Portfolio Company Fees may be paid in cash, in securities of the portfolio companies, prospective portfolio companies or investment vehicles (or rights thereto) or otherwise. The payment of Portfolio Company Fees and reimbursements by portfolio companies and prospective portfolio companies will, in some, but not all, circumstances create a conflict of interest between Sagard and its affiliates, and the Funds and their Investors, because the amounts of these Portfolio Company Fees and reimbursements may be substantial and the Funds and the Investors do not have a direct interest in these fees and reimbursements other than as described herein or in the Offering Documents of a Fund. Sagard determines the amount and timing of these Portfolio Company Fees for the services provided 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. Except in connection with the reductions described herein, the amount of such fees and reimbursements will not be disclosed to Investors in the Funds.

In many cases with respect to the implementation of the arrangements described above, there is not an independent third party involved on behalf of the relevant portfolio company and therefore the fees are not subject to a market check. A conflict of interest exists in the determination of any such fees and other related terms in the applicable agreement with the portfolio company by virtue of Sagard acting on behalf of both parties.

Sagard (in its sole discretion) may agree to pay a portion of a Portfolio Company Fee received from an actual or prospective portfolio company to a third party, such as a consultant, advisor, operating partner, finder, broker, investor, co-investor and/or investment bank. Sagard is not required to share the portion of the Portfolio Company Fee paid to a third-party with the Funds (or their Investors) and, therefore, the portion of a Portfolio Company Fee paid to such third-party will not reduce the management fee.

For the avoidance of doubt and subject to the Offering Documents, any fees paid to Sagard or its personnel after a Fund has exited (or is in the process of exiting) an investment are not considered "Portfolio Company Fees" and do not reduce management fees payable by a Fund.

C. Allocation of Portfolio Company Fees and Management Fees Offset

Sagard will, to the extent provided under the terms of the applicable Offering Documents, reduce the amount of management fees paid by the applicable Fund in connection with the receipt by Sagard or certain of its affiliates of such Portfolio Company Fees in accordance with the Offering Documents of the applicable Fund. Generally, under the terms of the applicable Offering Documents, for purposes of calculating any management fee offset, Portfolio Company Fees are net of out-of-pocket costs and expenses incurred by Sagard in connection with consummated or unconsummated transactions or in connection with generating any such fees.

To the extent a Portfolio Company Fee relates to more than one Fund participating (or expecting to participate) in an investment, the Portfolio Company Fee is generally allocated among such Funds that pay management fees on a pro rata basis unless Sagard determines in its sole discretion that there is a fair and reasonable justification for a different allocation. However, in determining how to allocate a Portfolio Company Fee among more than one participating Fund, Sagard will also take into account, among other factors, the type of transaction (e.g., original acquisition or follow-on), the consideration involved in the transaction (cash or in-kind) and the value of the consideration. To the extent a Portfolio Company Fee relates to a Fund (or Funds), Other Sagard Entity (as defined below), co-investment vehicle, other third-party Investors and/or other parties that do not pay a management fee to Sagard, any portion allocable to the party or parties which do not pay management fees to Sagard would not offset the relevant Fund's management fee and would be retained by Sagard.

D. Reimbursement of Expenses

A portfolio company will typically reimburse Sagard for expenses incurred by Sagard and its affiliates in connection with its performance of services for such portfolio company. Expenses typically reimbursed by portfolio companies include, without limitation, travel expenses (which may include expenses for chartered or first class travel, and meals and entertainment expenses (including, as applicable, closing dinners and mementos, private cars and meals (outside normal business hours), social and entertainment events with portfolio company management, customers, clients, borrowers, brokers and service providers)), expenses relating to training programs, meetings or other events (whether or not such programs, meetings or events are attended by portfolio company personnel), expenses relating to hiring portfolio company personnel (including background checks, recruiting and relocation expenses), indemnification expenses, certain legal expenses and similar out-of-pocket expenses, as well as consulting fees and other cash and non-cash compensation and expenses. Such reimbursements are not subject to the management fee offset mechanisms described above under "Portfolio Company Fees".

E. Expenses Applicable to the Funds

There are four general categories of expenses which are allocated to or among the Funds, as applicable. As discussed further below, these categories are: (1) fund organizational expenses, (2) administrative expenses; (3) sourcing and diligence expenses; and (4) oversight expenses. The Offering Documents of each Fund contain more detailed information on the type of expenses that will be charged to such Fund.

Fund organizational expenses that are typically borne by a Fund generally consist of all expenses including legal, consulting, accounting, filing, translation, printing, travel and related capital raising expenses as well as expenses related to the preparation of a Fund's Offering Documents and other related ancillary documentation) incurred in connection with the formation, organization and funding of

a Fund, the applicable General Partner and certain affiliates (excluding fees and expenses of any placement agent designated by the General Partner of a Fund in connection with the marketing and sale of interests of a Fund), provided that such expenses are less than or equal to the applicable organizational expenses cap set forth in the applicable Offering Documents.

In addition to fund organizational expenses, the Funds are also responsible for all reasonable expenses in connection with their administration and operations, which, subject to the applicable Offering Documents of a Fund, may include:

1. Administrative Expenses

- (a) fees to lawyers, custodians, auditors, accountants and other third-party professionals and consultants for services connected to the Funds or Offering Documents (including all expenses of the Funds' administrator);
- (b) taxes of the Funds, including but not limited to: (i) goods and services tax and harmonized sales tax, and not constituting direct tax obligations of the Investors (for greater certainty such taxes shall not include taxes on the income or capital gains of the General Partner of a Fund or any Affiliate); and (ii) all expenses incurred in connection with any tax audit, investigation, settlement or review of the Fund and other fees, charges and/or disbursements paid to any regulatory body;
- (c) amounts incurred for liability insurance for directors and officers of any member of the Fund or General Partner of the Fund or their affiliates or members of an investor advisory committee, in performing their obligations and duties consistent with the applicable Offering Documents;
- (d) all expenses relating to insurance maintained by or on behalf of the Fund;
- (e) extraordinary expenses, being those expenses incurred for the benefit of, or to defend, Sagard or any affiliate from time to time, the Fund, members of an investor advisory committee, or Investors, which by their nature are not, at the particular time, expected to be recurring expenses, including but not limited to costs of litigation, arbitration, judgments and settlements, investigations or to the enforcement and protection of rights relating to the Funds, as determined by the General Partner in its sole discretion;
- (f) expenses related to indemnification obligations of the Fund and indemnification amounts paid to an indemnitee;
- (g) all amounts required to satisfy any of the Fund's obligations and expenses in connection with any indebtedness entered into pursuant to the Offering Documents and all third-party expenses required to be paid by the Fund in connection to it (including commitment and financing fees and expenses of the lenders under any subscription facility);
- (h) all currency conversion expenses;
- (i) all expenses related to the preparation of a Fund's returns, reports and accounts;
- (j) all expenses in connection with valuations conducted for Fund purposes;
- (k) all expenses of dissolving, liquidating or terminating the Fund;

- (l) expenses determined by the General Partner in its sole discretion to be necessary or desirable to carry out its duties under the Offering Documents, including tax returns and filings of the General Partner, other fees paid to government agencies on behalf of the General Partner and the fees, costs and expenses associated with any audits of the General Partner;
- (m) such other reasonable expenses relating to the Fund, the Investors or an investor advisory committee as determined by the General Partner in its sole discretion and not otherwise specifically provided for in the Offering Documents;

2. *Sourcing and Diligence Expenses*

- (n) expenses and fees generated in the course of sourcing, evaluating, investigating, diligencing, discovering, developing and researching potential investments, including investments that are not consummated (including certain advisory, transaction, consulting and other similar fees paid to Sagard or Sagard's affiliates, and legal expenses incurred in connection with claims or disputes related to unconsummated or proposed investments), including but not limited to those related to environmental, social and governance ("**ESG**") assessment and impact assessment;
- (o) fees to lawyers, custodians, auditors, accountants, ESG and impact consultants and other third-party professionals and consultants for services connected to any portfolio investment or proposed portfolio investment by a Fund, whether ultimately completed or not, including all fees, costs and expenses of the fund administrator, if any;
- (p) costs incurred with respect to the making of any investigation which might lead or does lead to any portfolio investment;
- (q) all transaction expenses including any expenses in connection with transactions that are proposed but not consummated ("**Broken Deal Expenses**") (including the portion of any such Broken Deal Expenses that would have been allocable to co-investors in such transactions);
- (r) all third-party expenses (including, but not limited to, software licenses, subscriptions to consulting services, commitment and financing fees, investment banking fees, interest expenses, commissions and other upfront and ongoing expenses) in each case related to a proposed portfolio investment, whether or not completed.
- (s) expenses in connection with identifying, evaluating, negotiating the terms of, acquiring, financing (including borrowing, commitment, origination and similar fees and expenses (including the costs and expenses incurred in obtaining, negotiating, entering into, effecting, maintaining, varying, refinancing or terminating such borrowings and commitments and interest arising therefrom)) and/or refinancing, realizing upon, enhancing or protecting the value of and disposing of any interest in any portfolio companies or potential portfolio company (whether or not the transaction closes), including Broken Deal Expenses, travel and accommodations, the cost of third party accounting, legal, engineering, marketing and other advisers or consultants, fees and expenses related to compliance with any impact or ESG initiatives or principles and fees (including brokers' fees and commissions) payable to third parties;
- (t) fees, costs and expenses related to the organization, establishment, maintenance and administration of any alternative investment vehicles or any intermediary or special

purpose entity used to acquire, hold or dispose of an investment or to otherwise facilitate a Fund's investment activities;

- (u) any fees, costs, or expenses related to co-investment opportunities (irrespective of whether such co-investment opportunities are ultimately consummated), including Broken Deal Expenses;

3. Oversight Expenses

- (v) management fee payable to Sagard;
- (w) investor advisory committee meeting expenses (and including set-up costs, speaker fees, honoraria, dining, entertainment, travel and travel-related expenses, out of pocket expenses of members of an investor advisory committee meeting) as well as other investor advisory committee expenses (including legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the investor advisory committee and other expenses incurred in connection with investor advisory committee actions);
- (x) costs of any meetings with one or more Investors (including prospective Investors during fundraising and current Fund Investors) regardless of whether all Investors are invited to participate in or attend such meetings (including set-up costs, speaker fees, honoraria, dining, entertainment, travel and travel-related expenses);
- (y) expenses related to reports and notices given to Investors physically or electronically (including software used to electronically distribute such reports);
- (z) expenses incurred in connection with tax preparation, returns and filing and governmental filings as well as taxes, fees, duties, penalties and other governmental charges levied against a Fund or its affiliates or payable by a Fund or its affiliates;
- (aa) all third-party expenses (including, but not limited to, software licenses, subscriptions to consulting services, commitment and financing fees, investment banking fees, interest expenses, commissions and other upfront and ongoing expenses) in each case related to a portfolio investment or proposed portfolio investment, whether or not completed; and
- (bb) all expenses incurred in connection with the fulfilment of statutory or other compliance requirements related to a Fund or its affiliates and a Fund's compliance with applicable laws and regulations, including regulatory filings as they relate to the Fund's activities, including all fees and expenses relating to compliance with tax, anti-money laundering/sanctions and related obligations or securities laws or other legal or regulatory requirements applicable to a Fund or its Investors (including preparation and filing of Form PF and registration or other compliance obligations related to, or arising as a result of, the offering and sale of interests in a Fund in any jurisdiction, including any such obligations arising under the **Securities Act** (Ontario), the Investment Advisers Act of 1940 (U.S.) ("**Advisers Act**"), Alternative Investment Fund Managers Directive (EU) or the securities law of any jurisdiction, or from managing compliance with FATCA or similar regimes);
- (cc) all amounts in connection with any borrowing or indebtedness of a Fund (including any special purpose vehicle) (including expenses in connection with the establishment of any credit facility or indebtedness) and all amounts (including amounts of principal) required

to satisfy any of the borrowing or indebtedness of a Fund (including any special purpose vehicle);

- (dd) all expenses related to the preparation of the Fund's returns, reports and accounts;
- (ee) all expenses in connection with valuations conducted for a Fund's purposes;
- (ff) all liquidation or termination expenses of a Fund or of liquidating and/or terminating members of a Fund;
- (gg) out-of-pocket costs and expenses, if any, associated with any third-party examination or audits (including similar services) of a Fund, a General Partner or Sagard or their respective affiliates that are attributable to the operation of such Fund or requested by one or more Investors in a Fund;
- (hh) expenses incurred in connection with internal tracking, organizing and complying with obligations of and provisions in side letters (including "most favored nation" provisions) and other Fund documents, including legal fees in connection with reviewing and organizing such obligations and provisions and any license, subscription or other similar fees associated with information technology systems and data management software related to the foregoing;
- (ii) the costs associated with any amendments, modification, revisions or restatements to the Offering Documents, investment management agreements and any side letters with Investors;
- (jj) expenses incurred in connection with research and other information (including, but not limited to, research costs allocated by Sagard's and its affiliate's internal research teams and third-party groups, and including data and information service subscriptions, related systems and services from data providers and data management software and including any research or other service that may be deemed to be bundled for the benefit of such Fund), as well as the information technology systems used to obtain such research and other information;
- (kk) any other fees and expenses approved by a Fund's investor advisory committee; and
- (ll) such other reasonable expenses relating to a Fund, the Investors, or the investor advisory committee as determined by Sagard in its sole discretion and not otherwise specifically referenced in the Offering Documents.

The recipients of this Brochure should refer to the applicable Offering Documents of each Fund for specific information about fees and expenses to be borne by each specific Fund, which may vary from the above.

Subject to the applicable Offering Documents, certain Funds as a result of their investments in funds managed by Diagram Corporation will bear fees and expenses for (as described in Item 10) advising and other foundry services provided by Diagram Corporation. These amounts will not offset or otherwise reduce the management fee or other amounts paid to Sagard.

In addition, certain Funds may bear the expenses of all third-party administrator service providers even if there is some overlap in services performed by such third-party administrator and Sagard personnel.

Certain Aggregator Funds also will pay a fee (as negotiated by Sagard in its good faith discretion) to an affiliate of Sagard for fund administration services. While Sagard may (in its discretion) obtain benchmarking data regarding third-party rates for similar services, relevant comparisons may not be available for a variety of reasons, including as a result of lack of a substantial market of providers or users for such service, confidentiality reasons and the bespoke nature of certain services. As a result, market comparisons may not (and often do not) result in precise comparable data for certain services.

ITEM 6 - PERFORMANCE-BASED FEES

Sagard or an affiliate may be entitled to a Performance-Based Fee from the Funds in an amount which may vary from Fund to Fund. Performance-Based Fees are described in the applicable Offering Documents for each Fund and are generally customary for private funds of a similar nature. All Performance-Based Fees may be subject to modification, waiver or reduction. Performance-Based Fees may create certain risks and conflicts of interest, including those discussed further below.

In respect of a Fund, Performance-Based Fees generally represent a share of cash distributions made by a Fund in excess of the respective Investors' invested capital and a preferred return hurdle. Performance-Based Fees may also be subject to certain catch-up allocations and clawback provisions. The manner of calculation and application of Performance-Based Fees are disclosed in the Offering Documents for each Fund.

SMAs also may pay Performance-Based Fees depending on the terms of their advisory agreements.

Performance fees or carried interest profit allocations are subject to regulation under Section 205 of the Advisers Act and Rule 205-3 thereunder, whereby each investor must be a "qualified client". Therefore, Sagard seeks to ensure that U.S. Advisory Clients and U.S. Investors that are directly or indirectly subject to Performance-Based Fees satisfy the qualifications of Rule 205-3 under the Advisers Act and have been advised of such fees or allocations and their risks.

The existence of Performance-Based Fees may create potential conflicts of interest, including an incentive for Sagard to make investments on behalf of the Funds that are riskier than would be the case if Sagard or an affiliate were not entitled to receive such Performance-Based Fee, or to favor certain accounts based on pecuniary or compensatory interests. The payment by some, but not all, Funds of Performance-Based Fees or the payment of Performance-Based Fees at varying rates (including varying effective rates based on the past performance of a Fund) creates an incentive for Sagard to disproportionately allocate time, services or functions to Funds paying Performance-Based Fees, Funds paying Performance-Based Fees at a higher rate, or to allocate investment opportunities to such Funds. Sagard maintains policies and procedures, including its Code of Ethics, an Investment Allocation Policy and separate and dedicated investment teams and committees, reasonably designed to mitigate these and other conflicts.

ITEM 7 - TYPES OF CLIENTS

As further described in Item 4 above, Sagard provides investment advisory services to the Funds, each a privately offered pooled investment vehicle, and not individually to the Investors. In addition, Sagard provides investment advisory services to a limited number of clients via SMAs. Sagard may in the future, offer investment advisory services to other pooled investment vehicles, other SMAs or in respect of other investment products.

To the extent required under applicable securities laws and regulations, the Investors in the Funds are "accredited investors" in reliance upon the exemption from registration provided by Section 4(a)(2) of the Securities Act of 1933, as amended (the "**Securities Act**"), and Regulation D promulgated thereunder.

Sagard generally imposes an initial investment minimum to invest in a Fund but may waive any such requirements at its discretion. Investors or clients may also be subject to additional qualifications based on, among other things, legal or regulatory requirements associated with the vehicle or investment strategy.

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

Sagard uses various methods of analysis and investment strategies in formulating its investment advice to the Advisory Clients. The discussion below is a summary and is not intended to be a complete description of Sagard's methods, strategies or risks. A complete discussion is available in the relevant Offering Documents of each Fund. Any investment in securities involves a risk of loss that all Investors should be prepared to bear.

The investment strategy for each Advisory Client is formulated by Sagard in a manner that reflects its investment philosophy and that is consistent with the investment objectives of each Advisory Client.

As further described in Item 4 above, Sagard serves as investment adviser to the Funds, each of which uses separate and distinct investment strategies, which include: private equity, healthcare royalties, venture capital and private credit. Each of these investment strategies are further described below. To the extent SMAs pursue a strategy described below or make investments of the type described below in this Item 8, the applicable risk factors will apply and the references to "Funds" in any such risk factor will be deemed to include all Advisory Clients, as the context permits.

A. Investment Strategies

1. *Sagard Private Equity Canada*

The SPEC Funds seek to provide financial and strategic benefits for Investors by making private equity investments in Canadian mid-market companies, with EBITDA (as defined in its Offering Documents) between \$10 million to \$40 million. The SPEC Funds believe there is currently an underserved segment in the Canadian mid-market for private equity funds sized in the \$250 million to \$600 million of total investor commitments range which are seeking: (i) to write equity cheques of less than \$50 million; (ii) to take either control or active minority positions; (iii) to invest in businesses with more than one office in Canada; and (iv) to invest in businesses generating EBITDA between \$10 million and \$30 million.

2. *Sagard Healthcare Partners*

The investment objective of the SHP Funds is to build a portfolio of investments primarily in approved and commercialized biopharmaceutical products, biotechnology, medical devices, laboratory and diagnostic products, tools and equipment companies, with such investments underpinned by strong intellectual property. The SHP Funds will have a flexible mandate to include direct royalties, royalty-based debt and credit.

The SHP Funds will focus on products which are medically necessary and treat critical and rare diseases. The products must be safe and efficacious with a clear value proposition for physicians, patients, and payors. The products must have strategic value to the company marketing the drug or medical device. The SHP Funds' portfolio investments will be sourced directly from participants in the healthcare value chain, or through Sagard's broad network of intermediaries in the healthcare industry.

3. *Portage Ventures*

The Portage Ventures Funds are focused on investing in equity, equity-related and debt securities of early-stage and growth-stage technology or technology-enabled businesses in the financial services

(fintech) and insurance sector (insurtech) with a view to active engagement with management and with an aim to make select further follow-on investments over the long term.

The Portage Ventures Funds' investments are mainly sourced through the extensive networks of the Sagard ecosystem and the investment team of the Portage Ventures Funds. The Portage Ventures Funds leverage the network and industry knowledge of the partners and other members of the Portage Ventures Funds team, as well as those of its advisors and existing portfolio companies, to increase the likelihood of identifying promising investment targets at an early stage.

From time to time, the Portage Ventures Funds may make additional, more substantial investments in companies at a similar stage of development which may include the acquisition of a control position. While most investments will be geared to private companies, the Portage Ventures Funds may hold limited investments in publicly traded securities of portfolio companies that go public following the Funds' investment and other investment funds.

4. *Portage Capital Solutions*

The PCS Funds will make investments in direct structured equity or in other capital solutions in the financial technology and financial services sectors including consumer and small business finance, insurance, wealth and asset management, payments, financial infrastructure, and technology companies that primarily service the financial industry.

While most investments will typically be geared to private companies and private investments in public companies, including through the use of PIPEs, the PCS Funds may also hold limited investments in publicly traded securities.

The PCS Funds utilize a sourcing model that is thesis-driven and leverages the network and expertise of Portage to develop focused points of view, and supplemented by comprehensive research with experts, customers, strategic investors and companies. The PCS Funds will source investment opportunities through the Portage ecosystem and its broader network, partnering with entrepreneurs, corporates and other investment firms to find companies aligned with its theses.

5. *Sagard Credit Partners*

The SCP Funds each make private credit investments predominantly in the non-sponsor backed middle market in Canada and the U.S. Sagard believes that the SCP Funds can generate attractive risk-adjusted returns in their target sector.

The SCP Funds strategies leverage Sagard's proprietary and robust sourcing network, fluency with complex and bespoke transactions, non-sponsor focus, and flexible mandates. Furthermore, the SCP Funds seek to invest on a risk-adjusted basis through a rigorous diligence process and disciplined transaction structuring. The SCP Funds will often seek to mitigate principal risk by investing in a senior secured position within the capital structure of a counterparty and may further seek to mitigate risk by selecting companies with strong management teams, strong business models in defensive industries, healthy cash flows, conservative capital structures and other structural protections. Investments generally will be sourced directly/originated with borrowers, secured by the majority of the borrower's assets, and governed by bespoke and highly structured credit documents.

6. *Sagard Senior Lending Partners*

The SSLP Funds and certain SMAs make investments in senior, first-lien private credit investments and other similar credit investments in a diversified portfolio of companies primarily in the non-sponsor

backed middle market in Canada and the U.S. The SSLP Funds often seek to mitigate principal risk by investing in a senior secured position within the capital structure of a counterparty, and may further mitigate risk by selecting companies with what it believes are best-in-class management teams, strong business models in defensive industries, healthy cash flows, conservative capital structures and other structural protections.

B. Summary of Certain Investment Risk Factors

An investment in a Fund involves a high degree of risk. The risk factors briefly summarized below are not applicable to all Funds and do not purport to be a complete list or explanation of all risks that may be relevant to an investment in a Fund. Prospective Investors in a Fund should carefully consider the investment risks described in the Offering Documents of the applicable Fund which include a more detailed summary of the material risks relevant to an investment in such Fund, before deciding to purchase an interest in a Fund. As a result of these considerations, as well as other risks inherent in any investment, there can be no assurance that the Funds will meet their investment objectives or otherwise be able to successfully carry out their investment programs, or that an Investor in the Funds will receive a return of capital.

1. Summary of Certain Adviser Risks

Reliance on Sagard

Each Fund will rely on the ability of Sagard to manage its assets. Investors generally have no right or power to take part in the management of a Fund, or control over the operation of a Fund, including decisions with respect to structuring, negotiating and purchasing, financing and disposing of investments on behalf of a Fund. Consequently, a Fund's performance will depend significantly upon the business and investment acumen of the key persons of a Fund. The loss or reduction of service of one or more of the key persons could have an adverse effect on a Fund's ability to realize its investment objectives. In addition, the key persons of a Fund may participate in investment advisory services and activities beyond the Funds, including through other private funds or separately managed accounts, single investor funds and accounts, co-investment funds and accounts, overage funds and accounts, funds with different investment strategies, target investment sizes, geographic focuses or expected hold periods, special purpose acquisition companies and/or other specialized investment vehicles, funds and accounts managed, advised, sub-advised or sponsored by other investment advisers, managers or entities which are related to or affiliates of Sagard and also including principal investments by SHI and its subsidiaries (such investment vehicles, accounts, mandates and activities collectively, "**Other Sagard Entities**") and they may need to devote substantial amounts of their time to the activities of such Other Sagard Entities, which may pose conflicts of interest in the allocation of the time of the key persons. In addition, certain changes in the personnel of Sagard or circumstances relating to Sagard may have an adverse effect on the Funds or one or more of its portfolio companies. The composition of the professionals making up particular investment teams may change over time, and the professionals included in such teams may no longer be members of the particular team or serve in the same or similar roles thereon (or may no longer be with Sagard, or may leave such team or Sagard during the life of the Funds).

Past Performance of Other Sagard Entities

Certain of the Funds have limited or no prior operating history or track record. Accordingly, certain of the Funds do not have performance history for a prospective Investor to consider. Prospective Investors should bear in mind that the past performance of prior investments made by any Fund or an Other Sagard Entity is not predictive or a guarantee of future results and that there can be no assurance that a newly formed Fund will achieve comparable results. Prospective Investors should bear in mind that an investment in a Fund does not represent an interest in any Other Sagard Entity. While Sagard intends

for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved.

Investing in Different Levels of the Capital Structure

Subject to approval from an investor advisory committee where applicable, a Fund may invest in entities in which SHI or an Other Sagard Entity owns a direct or indirect interest. Accordingly, it is possible that (i) a Fund may hold equity securities while another Fund may hold debt instruments of the same portfolio company or (ii) a Fund may hold a certain class of debt instruments while an Other Sagard Entity holds a different class of debt instruments of the same portfolio company. In such circumstances, Sagard expects to be subject to conflicts of interest in determining the terms of such an investment and in managing a Fund's and such Other Sagard Entity's investments in such portfolio company on a going-forward basis. Conflicts may arise between a Fund and an Other Sagard Entity in the negotiation of material terms and in the management of the investment in such portfolio company. For additional discussion related to the conflicts associated with investing in different levels of the capital structure, see "*Conflicts Related to Purchases and Sales*" in Item 11 below.

2. Summary of Certain Investment Risks related to the Private Credit Funds

Investments in Private Companies

The Private Credit Funds may make investments in securities and/or other instruments, including loans, notes, bonds, debentures or other debt instruments, issued by privately held companies. Such investments involve a high degree of business and financial risk that can result in substantial losses, including that: (i) private companies may have limited financial resources and limited access to additional financing, which may increase the risk of their defaulting on their obligations, leaving creditors such as the Private Credit Funds dependent on any guarantees or collateral they may have obtained, (ii) private companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns, (iii) there may not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality, (iv) private companies are more likely to depend on the management talents and efforts of a small group of persons, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations, and (v) such debt instruments may potentially have limited or no maintenance financial covenants which may hinder the ability to reprice credit risk associated with the private company's performance and mitigate potential loss.

Lack of Sufficient Investment Opportunities

The success of the Private Credit Funds will depend, in part, on the ability of Sagard to identify, structure and complete private credit investments on advantageous terms. In advising the Private Credit Funds, Sagard will encounter competition from other entities having similar investment objectives. Potential competitors include a broad spectrum of lenders and sources of capital, including other investment partnerships, corporations, strategic industry acquirers, hedge funds and other financial investors, many of which may have more relevant experience, more personnel, greater financial resources, a greater willingness to take on risk and which may be more well-established than Sagard. In addition, private funds with similar investment objectives may be formed in the future by other unrelated parties. It is possible that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Private Credit Funds and/or adversely affecting the terms upon which investments may be made. To the extent that the Private Credit Funds encounter

competition for investments, returns to Investors may decrease. In addition, it is possible that the Private Credit Funds will never be fully invested if not enough sufficiently attractive investments are identified.

Lack of Diversification

In advising the Private Credit Funds, Sagard will make a limited number of investments. A consequence of a limited number of investments is that poor performance by even a single investment could severely affect total returns of the Private Credit Funds. In this regard, a default under a small number of investments could have a material adverse effect on the aggregate returns realized by the Investors in respect of their investments in a Private Credit Fund. If certain investments perform unfavorably in the Private Credit Funds, then in order for that Private Credit Fund to achieve above-average returns, one or a few of its investments must perform very well, and there can be no assurances that this will be the case. To the extent that the capital raised is less than the targeted amount, a Private Credit Fund may invest in fewer portfolio companies and thus be less diversified. Sagard has established aggregate commitment levels for a particular investment in a portfolio company for the Private Credit Funds, whereby a Private Credit Fund will not exceed a certain percentage of its aggregate commitments in any single portfolio company and its affiliates (including contingent liabilities under guarantees and follow-on investments) without the prior approval of the particular Private Credit Fund's LP Advisory Committee. It is important for a Prospective Investor to review the Offering Documents for each Private Credit Fund in order to understand the specific aggregate commitment levels.

Subject to the investment restrictions in the Offering Documents of each Private Credit Fund, Sagard may seek to make investments in limited industry segments, in Canada and the U.S. and/or within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, one or more of the Private Credit Funds' investment portfolios could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of a Private Credit Fund's investments, may substantially affect such Private Credit Fund's aggregate return.

Illiquidity; Restrictions on Transfer or Withdrawal; Lack of Current Distributions

An investment in one of the Private Credit Funds will be illiquid and involves a high degree of risk. A public market does not currently exist for the Private Credit Funds and one is not expected to develop. An investment in the Private Credit Funds is suitable only for certain sophisticated investors that have, and will have, no need for immediate liquidity in respect of their investment and who can accept the risks associated with making illiquid investments. In addition, Investors will generally not be permitted to transfer their interests in a Private Credit Fund without the consent of Sagard, which may be granted or withheld in Sagard's sole and absolute discretion. Furthermore, the transferability of the interests of a Private Credit Fund will be subject to certain restrictions contained in the Offering Documents of each Private Credit Fund.

The investments of the Private Credit Funds are likely to be illiquid and long-term. Illiquidity may result from the absence of an established or liquid market for investments as well as legal and contractual restrictions on their resale by the Private Credit Funds. Even if the investments of the Private Credit Funds prove successful, they are unlikely to produce a realized return to the Investors for a period of years and it is uncertain as to when profits, if any, will be realized.

Although most investments of a Private Credit Fund are expected to generate current income, such investments may take several years from the date of the initial investment to reach a state of maturity when realization of such investments can be achieved. In addition, there can be no assurances that any distributions of current income will be made due to various factors, including incurrence of expenses and liabilities, potential non-performance or write-downs of investments, or changes in the market for debt

obligations. Furthermore, the expenses of operating the Private Credit Funds (including the management fee payable to Sagard) may exceed its income, thereby requiring that the difference be paid from the applicable Private Credit Fund's capital, including, unfunded commitments.

Foreign Investment Risk

A Private Credit Fund typically may invest up to a specified percentage (including contingent liabilities under guarantees and follow-on investments) in entities which have principal operations or assets located outside of Canada and the U.S. ("**Foreign Investments**"). Investing in Foreign Investments involves considerations and possible risks not typically involved in investing in Canadian or U.S. companies, including currency exchange matters, exposure to fluctuations in interest rates, differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters, differences in credit and securities markets, the absence of uniform accounting and financial reporting standards, certain economic, social and political risks, differing and potentially less developed corporate laws, differences in the legal and regulatory environment, instability of some foreign governments, the possibility of expropriation, limitations on the use or removal of funds or other assets, changes in governmental administration or economic or monetary policy (in or outside of Canada or the U.S.) or changed circumstances in dealings between nations. The application of foreign tax laws (e.g., the imposition of withholding taxes on dividend or interest payments) or confiscatory taxation may also affect Foreign Investments. Higher expenses may result from such Foreign Investments because of the costs that must be incurred in connection with conversions between various currencies and the U.S. dollar. Markets outside of Canada or the U.S. also may be less liquid, more volatile and less subject to governmental supervision than those in Canada or the U.S., as applicable. The Private Credit Funds might have greater difficulty taking appropriate legal action in courts outside of Canada or the U.S. As a result, the value of certain of the investments of a Private Credit Fund may fluctuate to a greater degree by making Foreign Investments than if such Private Credit Fund limited its investments to Canadian or U.S. companies.

Business Risks Associated with Loans to Companies

A fundamental risk associated with the Private Credit Funds' investment strategy is that the portfolio companies will be unable to make principal and interest payments when due, or at all. Such non-payment would likely result in a reduction of income to a Private Credit Fund and a reduction in the value of the investments experiencing nonpayment. The operating and financial performance of any portfolio company could deteriorate as a result of, among other factors, an adverse development in their business, a change in the competitive environment, an economic downturn or legal, tax or regulatory changes. Portfolio companies that Sagard expects to remain stable may in fact operate at a loss or have significant variations in operating results, may require substantial additional capital to support their operations or to maintain their competitive position, or may be in a weak financial condition or experience financial distress.

Certain Private Credit Funds will seek to invest in senior, first-lien secured loans in the non-sponsor backed middle market in Canada and the United States. Investments in such middle market companies may entail greater risks than are generally associated with investments in larger companies. Middle market companies may have relatively limited human resources, product lines, markets, and financial and other resources making them more vulnerable to general economic trends and to specific changes in markets and technology. Because of their size, future growth of middle market companies may be dependent on finding sources of additional financing, which may not be available on acceptable terms when required.

Portfolio companies may be highly leveraged and there may be no restriction on the amount of debt a portfolio company can incur. Substantial indebtedness may add additional risk with respect to a portfolio

company, and could (i) limit its ability to borrow money for its working capital, capital expenditures, debt service requirements, strategic initiatives or other purposes, (ii) require it to dedicate a substantial portion of its cash flow from operations to the repayment of its indebtedness, thereby reducing funds available to it for other purposes, (iii) make it more highly leveraged than some of its competitors, which may place it at a competitive disadvantage, and/or (iv) subject it to restrictive financial and operating covenants, which may preclude it from favorable business activities or the financing of future operations or other capital needs. In some cases, proceeds of debt incurred by a portfolio company could be paid as a dividend to shareholders rather than retained by the portfolio company for its working capital. Leveraged companies are often more sensitive to declines in revenues, increases in expenses, and adverse business, political, or financial developments or economic factors such as a significant rise in interest rates, a severe downturn in the economy or deterioration in the condition of such companies or their industries. A leveraged company's income and net assets will tend to increase or decrease at a greater rate than if borrowed money were not used.

If a portfolio company is unable to generate sufficient cash flow to meet principal and interest payments on its indebtedness, it may be forced to take other actions to satisfy its obligations under its indebtedness. These alternative measures may include reducing or delaying capital expenditures, selling assets, seeking additional capital, or restructuring or refinancing indebtedness, all of which could significantly reduce the value of the investment in such portfolio company. If such strategies are not successful and do not permit the portfolio company to meet its scheduled debt service obligations, such portfolio company may also be forced into liquidation, dissolution or insolvency and the value of the investment in such portfolio company could be eliminated. There can be no assurance that the liquidation of any collateral of such portfolio company would satisfy its obligation in the event of non-payment of with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of an issuer, the Funds could experience delays or limitations with respect to its ability to realize the benefits of the collateral securing an investment.

Under certain circumstances, collateral securing an investment may be released without the consent of a Private Credit Fund. Moreover, a Private Credit Fund's secured loans may be unperfected for a variety of reasons, including the failure to make required filings and, as a result, the Private Credit Funds may not have priority over other creditors as initially anticipated. Furthermore, a Private Credit Fund's right to payment and its security interest, if any, may be subordinated to the payment rights and security interests of other secured lenders with respect to some or all of the assets of a portfolio company. Certain investments may have an interest-only payment schedule, with the principal amount remaining outstanding and at risk until the maturity of the investment. In such cases, a company's ability to repay the principal of an investment may be dependent upon a liquidity event or the long-term success of the company, the occurrence of which is uncertain.

Certain investments may have maturities longer than the maturity of the particular Private Credit Fund holding such investments. Furthermore, a Private Credit Fund may, in connection with collateral held by it, acquire equity or other investment securities in a portfolio company in connection with a credit investment, which, to the extent such securities have value, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant distributions to Investors will occur for a number of years from the date of the applicable capital contributions, and certain investments may be disposed of upon dissolution of the Funds for less than their potential value.

Risk of Borrower Fraud

Loans that a Private Credit Fund originates or acquires are subject to the risk of material misrepresentation or omission on the part of borrowers. The quality of the investments in loans is subject to the accuracy of representations made by borrowers. Misrepresentations or omissions by borrowers

may adversely affect what Sagard or a Private Credit Fund believe to be the value of the collateral underlying the loans or enterprise value of the companies or may adversely affect the ability of a Private Credit Fund or its affiliates to perfect or effectuate a lien on the collateral securing the loans. Sagard and the Private Credit Funds will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable, but cannot guarantee such accuracy or completeness. Accordingly, the Private Credit Funds are subject to the risk that the systems used by the originators of loans to minimize borrower misrepresentations or omissions are defective. Under certain circumstances, payments to the Private Credit Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

Uncertain Exit Strategies

Due to the illiquid nature of some of the positions in which Sagard expected to acquire for the Private Credit Funds, Sagard is unable to predict with confidence what the exit strategy will ultimately be for any given position, or that one will definitely be available at an attractive price, or at all. Exit strategies which appear to be viable or profitable when an investment is initiated may be precluded or unprofitable by the time the investment is ready to be realized due to market, economic, legal, political or other factors.

High Yield Securities and Instruments

In managing certain Private Credit Funds, Sagard is likely to invest the assets of the Private Credit Funds in high yield or non-investment grade securities and/or other instruments. Such securities and other instruments are generally not exchange-traded and, as a result, these securities and other instruments trade in the over-the-counter marketplace, which is less transparent and less liquid than the exchange-traded marketplace. In addition, Sagard may invest the assets of the Private Credit Funds in bonds of issuers that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Noninvestment grade securities and other instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the issuer's inability to meet timely interest and principal payments. The market values of certain of these lower-rated and unrated securities and other instruments tend to reflect individual corporate developments to a greater extent than do higher-rated securities and other instruments which react primarily to fluctuations in the general level of interest rates, and tend to be more sensitive to economic conditions than are higher-rated securities and other instruments. Companies that issue such securities and other instruments are often highly leveraged and may not have available to them more traditional methods of financing. A major economic recession could severely disrupt the market for such securities and other instruments and may have an adverse impact on the value of such securities and other instruments. In addition, it is possible that any such economic downturn could adversely affect the ability of the issuers of such securities and other instruments to repay principal and pay interest thereon and increase the incidence of default of such securities and other instruments.

Mispriced Securities and Instruments

The identification of investment opportunities that are mispriced by the market is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in mispriced securities and other instruments offer opportunities for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial losses. Returns generated from the Private Credit Funds' portfolio investments may not adequately compensate for the business and financial risks assumed.

Sagard may make certain speculative investments on behalf of the Private Credit Funds in securities and/or other instruments which Sagard believes to be mispriced by the market. However, there are no

assurances that the securities and/or other instruments purchased are in fact mispriced by the market. In addition, a Private Credit Fund may be required to hold such securities and/or other instruments for a substantial period of time before realizing their anticipated value. During this period, a portion of such Private Credit Fund's capital would be committed to the securities and/or other instruments purchased, thus possibly preventing such Private Credit Fund from investing in other opportunities. In addition, the Private Credit Funds may finance such purchases with borrowed funds and thus will have to pay interest on such funds during such waiting period.

In liquidation (both in and out of bankruptcy) and other forms of corporate reorganization, there exists the risk that the reorganization either will be unsuccessful (due to, for example, failure to obtain requisite approvals), will be delayed (for example, until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security or other instrument the value of which will be less than the purchase price to the Private Credit Funds of the security or other instrument in respect to which such distribution was made.

In certain transactions, the Private Credit Funds may not be "hedged" against market fluctuations, or, in liquidation situations, may not accurately value the assets of the company being liquidated. This can result in losses, even if the proposed transaction is consummated.

Credit and Interest Rate Risks of Debt Securities

Credit portfolios are subject to credit risk, which is the likelihood that a company will default in the payment of principal and/or interest on its obligations, among other covenants and requirements. Financial strength and solvency of a company are key factors influencing credit risk. Companies may face intense competition, changing business and economic conditions or other developments that may adversely affect their performance and increase credit risk. In addition, subordination, lack of or inadequacy of collateral or credit enhancement for a debt instrument may affect its credit risk. Credit risk may change over the life of a Private Credit Fund's investment. In addition, companies may contest enforcement of foreclosure or other remedies, seek bankruptcy protection against such enforcement and/or bring claims for lender liability in response to actions to enforce mortgage obligations. If any of the above occurs, the Private Credit Funds' ability to make anticipated distributions to Investors could be delayed or otherwise adversely affected.

Credit portfolios are also subject to interest rate risks, which is the risk associated with market changes in interest rates. Changes in the prevailing market interest rates could negatively affect the value of the credit investments in a Private Credit Fund's portfolio. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities and other instruments) and directly (especially in the case of instruments whose rates are adjustable). In general, rising interest rates will negatively impact the price of a fixed rate credit instrument and falling interest rates will have a positive effect on price. Adjustable rate instruments also react to interest rate changes in a similar manner, although generally to a lesser degree. Interest rate sensitivity is generally more pronounced and less predictable in instruments with uncertain payment or prepayment schedules. Additional factors that may affect market interest rates include inflation, slow or stagnant economic growth or recession, unemployment, and instability in domestic and foreign financial markets. If a Private Credit Fund is unable to manage interest rate risk effectively, such Private Credit Fund's performance could be adversely affected. While the Private Credit Funds may seek to do so, it is not required to hedge its interest rate risk.

Inflation and Deflation Risk

Inflation risk is the risk that the Private Credit Funds' assets or income from the Private Credit Funds' investments may be worth less in the future as inflation decreases the value of money. As inflation

increases, the real value of the Private Credit Funds' portfolio could decline. Deflation risk is the risk that prices throughout the economy may decline over time - the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of a portfolio company and may make default more likely, which could result in a decline in the value of the Private Credit Funds' portfolio.

Prepayment of Investments

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

Investments in Senior First-Lien Loans

The assets of the Private Credit Funds' portfolios are expected to be predominantly comprised of senior first-lien secured debt that have maturity or other contractual terms in excess of two years, including term loans and revolving loans and may pay interest at a fixed or floating rate. The Private Credit Funds may acquire interests in senior first-lien loans by way of purchase or assignment in the primary and secondary markets. The purchaser of an assignment typically succeeds to all the rights and obligations of the assigning institution and becomes a contracting party under the legal documentation with respect to the debt obligation; however, its rights can be more restricted than those of the assigning institution. In addition, if the Private Credit Funds acquire loans pursuant to an assignment, it is possible that the Private Credit Funds' claims may be subject to attack (i.e., equitable subordination (as more fully discussed below) or disallowance) on account of the conduct of the transferee.

Some of the senior secured loans originated or acquired by the Private Credit Funds may be rated below investment grade or may not be rated by a credit rating agency. Senior secured loans with no or low credit ratings may be more illiquid than other debt instruments and there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity. The factors affecting an issuer's senior first-lien loans, and its overall capital structure, are complex. Some senior first-lien loans may not necessarily have priority over all other debt of an issuer. For example, some senior first-lien loans may permit other secured obligations (such as overdrafts, swaps or other derivatives made available by members of the syndicate to the company), or involve first-liens only on specified assets of an issuer (e.g., excluding real estate). Issuers of senior first-lien loans may have two tranches of senior first-lien debt outstanding, each with first-liens on separate collateral. Furthermore, any secured debt is secured only to the extent of its lien and only to the extent of underlying assets or incremental proceeds on already secured assets. The imposition of prior liens on the Private Credit Funds' collateral, which could occur in the event of a bankruptcy, could adversely affect the priority of the liens and claims held by the Private Credit Funds and could adversely affect the Private Credit Funds' recovery on its investments. Although the amount and characteristics of the underlying assets considered as collateral may allow the Private Credit Funds to withstand certain assumed deficiencies in payments occasioned by the company's default, if any deficiencies exceed such assumed levels or if underlying assets are sold it is possible that the proceeds of such sale or disposition will not be equal to the amount of principal and interest owing to the Private Credit Funds in respect to its investment.

Senior first-lien credit facilities are often syndicated to a number of different financial market participants. The documentation governing the facilities typically require either majority consent or, in certain cases, unanimous approval for certain actions with respect to the loan, such as waivers, amendments, or the exercise of remedies. In addition, voting to accept or reject the terms of a restructuring of a credit pursuant to a reorganization is usually done on a class basis. As a result of these

voting regimes, the Private Credit Funds may not, and likely will not, have the ability to control any decision in respect of any amendment, waiver, exercise of remedies, restructuring or reorganization of an investment.

Senior first-lien loans are also subject to other risks and can cause unsecured creditors to seek remedies in order to limit the Private Credit Funds' potential recovery of such investments, including (i) the possible invalidation of a debt or lien as a "fraudulent conveyance," (ii) the recovery as a "preference" of liens perfected or payments made on account of a debt, (iii) equitable subordination claims by other creditors, (iv) so-called "lender liability" claims by the issuer of the obligations, (v) environmental liabilities that may arise with respect to collateral securing the obligations, (vi) recharacterization claims in which certain creditors may seek to have the Private Credit Funds' debt positions recharacterized as equity and therefore subordinate the Private Credit Funds' claims to such creditors' claims and (vii) ignoring the customary class vote system under a reorganization in which lenders are entitled to vote as a class.

The Private Credit Funds' investments may be subject to early redemption features, refinancing options, pre-payment options or similar provisions that, in each case, could result in the issuer repaying the principal on an obligation held by the Private Credit Funds earlier than expected. It is common for senior first-lien debt to be repaid prior to its maturity. Thus, the actual duration of such investments is typically shorter than their stated final maturity calculated solely on the basis of the stated life and repayment schedule. Generally voluntary prepayments of senior debt are permitted and the timing of prepayments cannot be predicted with any accuracy.

Nature of Investment in Unitranche Debt

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

Secondary Purchase of Debt

The Private Credit Funds may opportunistically make secondary purchases of debt investments. The Private Credit Funds are unlikely to be able to negotiate the terms of such debt as part of its acquisition and, as a result, such investments may not include some of the covenants and protections that the Private Credit Funds may generally seek. Even if such covenants and protections are included in the investments held by the Private Credit Funds, the terms of the investments may provide a portfolio company substantial flexibility in determining compliance with such covenants.

Warrants

The Private Credit Funds may receive warrants, and in certain circumstances prior to exit, may be required to exercise such warrants in order to hold the underlying securities. The Private Credit Funds would seek to negotiate "cashless" exercise for all warrants that it receives, whereby no investment will

be required to convert; however, on occasion it may not be possible to negotiate such "cashless" exercise, and the Private Credit Funds may be required to invest cash to convert warrants and hold underlying securities, which may subsequently lose some or all of their value.

Licensing Requirements

The Private Credit Funds may be required to obtain various licenses in order to, among other things, originate loans. Applying for and obtaining required licenses can be costly and there is no assurance that the Private Credit Funds will obtain all of the licenses that the Private Credit Funds need on a timely basis. Furthermore, the Private Credit Funds will be subject to various information and other requirements in order to obtain and maintain these licenses, and there is no assurance that the Private Credit Funds will satisfy those requirements. The Private Credit Funds' failure to obtain or maintain licenses might restrict investment options and have other adverse consequences.

Widening Risk

The prices of the securities and/or other instruments in which the Private Credit Funds invest may decline substantially. In particular, purchasing assets at what may appear to be "undervalued" levels is no guarantee that these assets will not be trading at even lower levels at a time of valuation or at the time of sale. It may not be possible to predict, or to hedge against, such "spread widening" risk. In addition, overall credit spreads in the market could widen quickly and significantly if investors become more risk averse. This in turn could cause the prices of the investments in which the Private Credit Funds invest to decline substantially.

Investments in Bankrupt or Insolvent Issuers; Risks Associated with Bankruptcy

The Private Credit Funds may invest in interests in loans issued by issuers that are in bankruptcy or insolvency proceedings. These investments are highly risky, as there are a number of significant risks inherent in the bankruptcy or insolvency process. Many of the events within a bankruptcy or insolvency case are adversarial and often beyond the control of the creditors. While creditors generally are afforded an opportunity to object to significant actions, there can be no assurance that a bankruptcy or insolvency court would not approve actions which may be contrary to the interests of the Private Credit Funds. Furthermore, in a U.S. bankruptcy case, there are instances where creditors and equity holders lose their ranking and priority such as when they take over management and functional operating control of a debtor. In those cases where the Private Credit Funds, by virtue of such action, is found to exercise "domination and control" of a debtor, the Private Credit Funds may lose its priority if the debtor can demonstrate that its business was adversely impacted or other creditors and equity holders were harmed by the Private Credit Funds. Bankruptcy and insolvency laws and regulations differ across jurisdictions and the applicable bankruptcy and insolvency laws and regulations of certain jurisdictions may not provide the Private Credit Funds with the necessary rights or privileges to promote and protect its interests.

Risks of Investments in Special Situations

The Private Credit Funds may invest in "event-driven" and other special situations, such as recapitalizations, spin-offs, restructurings, reorganization, bankruptcy, litigation, corporate control transactions, corporate events and other catalyst-oriented strategies. Sagard believes these types of investments often have limited downside risk relative to their current valuations. Sagard could, however, be incorrect in its assessment of the downside risk associated with an investment, thus resulting in significant losses to the Private Credit Funds. Investments in such securities often are difficult to analyze or may have limited trading histories or in-depth research coverage. Although the Private Credit Funds intend to utilize appropriate risk management strategies, such strategies cannot fully insulate the Private

Credit Funds from the risks inherent in its planned activities. Moreover, in certain situations the Private Credit Funds may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

Covenant Breach or Other Default by Portfolio Companies

A portfolio company's failure to satisfy financial or operating covenants imposed by the Private Credit Funds or other lenders could lead to defaults and, potentially, termination of its loans and foreclosure on its secured assets, which could trigger cross-defaults under other agreements and jeopardize a portfolio company's ability to meet its obligations under the debt or equity securities that the Private Credit Funds hold. The Private Credit Funds may incur expenses to the extent necessary to seek recovery upon default or to negotiate new terms, which may include the waiver of certain financial covenants, with a defaulting portfolio company.

Non-Performing Nature of Debt

It is anticipated that certain investments made by the Private Credit Funds may be non-performing and/or possibly in default at the time of purchase. Furthermore, the obligor or relevant guarantor may also be in bankruptcy or liquidation. There can be no assurance as to the amount and timing of payments, if any, with respect to those investments.

Cross Collateralization

The Private Credit Funds may engage in financings where several investments are cross-collateralized, thereby subjecting multiple investments to the risk of loss. As a result, the Private Credit Funds could lose its interests in performing investments in the event such investments are cross-collateralized with poorly performing or non-performing investments.

Lender Liability Considerations and Equitable Considerations

In recent years, there has been an increase in judicial support upholding the right of borrowers to sue lending institutions on the basis of various evolving legal theories ("**lender liability**"). Generally, lender liability is founded upon the premise that an institutional lender has violated a duty (whether implied or contractual) of good faith and fair dealing owed to the borrower or has assumed a degree of control over the borrower resulting in creation of a fiduciary duty owed to the borrower or its other creditors or shareholders. Because of the nature of certain of the Private Credit Funds' investments and given that the Private Credit Funds may be unable to control the conduct of the lenders under a loan syndication agreement, the Private Credit Funds could be subject to allegations of lender liability.

In addition, if a lender or bondholder (i) intentionally takes an action that results in the undercapitalization of a borrower to the detriment of other creditors of such borrower, (ii) engages in other inequitable conduct to the detriment of such other creditors, (iii) engages in fraud with respect to, or makes misrepresentations to, such other creditors or (iv) uses its influence as a stakeholder to dominate or control a borrower to the detriment of other creditors of such borrower, a court may elect to subordinate the claim of the offending lender or bondholder to the claims of the disadvantaged creditor or creditors, a remedy called "equitable subordination." Because of the nature of certain of the Private Credit Funds' investments, the Private Credit Funds may be subject to claims from creditors of an obligor that debt obligations held by the Private Credit Funds should be equitably subordinated.

Fraudulent Conveyance and Preference Considerations

There is a risk that the Private Credit Funds' purchase of investments may be subject to various federal, state and provincial laws enacted for the protection of creditors, by virtue of the Private Credit Funds' role as an investor with respect to the borrowers under such investments. Furthermore, there is a risk that payments on an investment may be determined to be avoidable, either as fraudulent conveyances or preferences, in which case such payments can be recaptured either from the Private Credit Funds as the initial recipient of such payments, or from subsequent transferees of such payments.

If a court in a lawsuit brought by an unpaid creditor or representative of creditors of a borrower, such as a trustee in bankruptcy or the borrower as debtor-in-possession, were to find that the borrower did not receive fair consideration or reasonably equivalent value for incurring indebtedness evidenced by an investment and the grant of any security interest or other lien securing such investment, and, after giving effect to the incurring of such indebtedness, the borrower (i) was insolvent, (ii) was engaged in a business for which the assets remaining in such borrower constituted unreasonably small capital or (iii) intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature, such court could invalidate, in whole or in part, such indebtedness and such security interest or other lien as fraudulent conveyances, could subordinate such indebtedness to existing or future creditors of the borrower or could allow the borrower to recover amounts previously paid by the borrower to the creditor (including to the Private Credit Funds) in satisfaction of such indebtedness or proceeds of such security interest or other lien previously applied in satisfaction of such indebtedness. In addition, in the event of the insolvency of an issuer of an investment, payments made on the investment could be subject to avoidance as a "preference" if made within a certain period of time (which may be as long as one year) before insolvency depending on a number of factors, including the amount of equity of the borrower owned by the lender and its affiliates and any contractual arrangement between the borrower, on the one hand, and the lender and its affiliates, on the other hand. The measure of insolvency for purposes of the foregoing will vary depending on the law of the jurisdiction which is being applied. Generally, however, a borrower would be considered insolvent at a particular time if the sum of its debts was greater than the orderly liquidation value of its assets (or, in the U.S., their fair valuation) or if the then orderly liquidation value of its assets (or, in the U.S., their then- present fair saleable value) was less than the amount that would be required to pay all of its debts due and accruing due upon a liquidation (or, in the U.S., all of its probable liabilities on its then-existing debts as they became absolute and matured). There can be no assurance as to what standard a court would apply in order to determine whether a borrower was insolvent after giving effect to the incurrence of the loan or that, regardless of the method of evaluation, a court would not determine that the borrower was "insolvent" upon giving effect to such incurrence.

Investments in Equity Securities

In connection with its debt investments, the Private Credit Funds may acquire equity securities of portfolio companies. Such equity securities would be subordinate to the claims of an issuer's creditors and, to the extent such securities are common shares, to preferred shareholders. As with other investments that the Private Credit Funds may make, the value of equity securities held by the Private Credit Funds may be adversely affected by actual or perceived negative events relating to the issuer of such securities, the industry or geographic areas in which such issuer operates or the financial markets generally. However, equity securities may be even more susceptible to such events given their subordinate position in the issuer's capital structure. As such, equity securities generally have greater price volatility than fixed income securities, and the market price of equity securities owned by the Private Credit Funds will be more susceptible to moving up or down in a rapid or unpredictable manner. Dividends customarily paid to equity holders can be suspended or cancelled at any time. For the

foregoing reasons, investments in equity securities can be highly speculative and carry a substantial risk of loss of principal.

Limited Amortization Requirements

The Private Credit Funds may invest in loans that have limited mandatory amortization requirements. While these loans may obligate a portfolio company to repay the loan out of asset sale proceeds or with annual excess cash flow, repayment requirements may be subject to substantial carve outs that would allow a portfolio company to retain such asset sale proceeds or cash flow, thereby extending the expected weighted average life of the investment. In addition, a low level of amortization of any debt over the life of the investment may increase the risk that an issuer will not be able to repay or refinance the loans held by the Private Credit Funds when they mature.

Usury Limitations

Interest charged on loans owned by the Private Credit Funds may be subject to usury laws imposing maximum interest rates and penalties for violation, including restitution of excess interest and unenforceability of debt.

3. Summary of Certain Investment Risks related to the SHP Funds

Inability to Meet Investment Objective or Investment Strategy

SHP is intended for long-term investors who can accept the risks associated with investing in assets that have significant risks as a result of business, financial, market or legal uncertainties. The success of SHP depends on Sagard's ability to identify and select appropriate investment opportunities, as well as SHP's ability to acquire those investments. There can be no assurance that SHP will achieve its investment or performance objectives, including its targeted returns, or that Sagard will be successful in identifying a sufficient number of suitable investment opportunities to fully deploy SHP's available capital. The possibility of partial or total loss of SHP's capital exists, and prospective investors should not subscribe unless they can readily bear the consequences of a complete loss of their investment.

Competitive Environment

The business of investing in assets meeting SHP's investment objective is highly competitive. Competition for investment opportunities includes a growing number of non-traditional participants, such as hedge funds, private equity managers, infrastructure funds, and other private investors, as well as more traditional lending institutions and competitors. Some of these competitors may have access to greater amounts of capital and to capital that may be committed for longer periods of time or may have different return thresholds than SHP, and thus these competitors may have advantages not shared by SHP. Increased competition for, or a diminishment in the available supply of, investments suitable for SHP could result in lower returns on such investments. Moreover, the identification of attractive investment opportunities is difficult and involves a high degree of uncertainty. SHP may incur significant expenses in connection with identifying investment opportunities and investigating other potential investments which are ultimately not consummated, including expenses relating to due diligence, transportation, legal expenses and the fees of other third-party advisors.

Product Development Risk

The success of certain portfolio investments of SHP may be dependent upon obtaining approvals from regulatory authorities. SHP may make investments in products undergoing development or clinical trials that have not yet received marketing approval by any regulatory authority. The research, development,

preclinical and clinical trials, manufacturing, labelling, and marketing related to a life sciences company's products are subject to extensive regulatory approval processes by the Food and Drug Administration (the "FDA"), the European Medicines Agency (the "EMA"), and other regulatory agencies. The process for obtaining required regulatory approvals, including the required preclinical and clinical testing and/or a favorable product label, is very lengthy, costly, and uncertain. There can be no assurance that the FDA, the EMA, or other regulatory authorities will approve such products, or that such products will be brought to market in a timely manner or at all. If a company is unable to obtain necessary regulatory approvals in a timely fashion or at all, or if after approval for marketing, a product is later shown to be ineffective or to have unacceptable side effects not discovered during testing, the value and performance of SHP's investment in or related to such product or company may be materially adversely affected.

Withdrawal Risks

After obtaining regulatory approvals and being introduced to the market, a product may still be subject to withdrawal from the market at the request or direction of the FDA, EDA or other regulatory agencies. Further, a product may be voluntarily withdrawn from the market for a variety of reasons, including medical, technical, regulatory, commercial or other reasons. A withdrawal, either at the request of a regulatory agency, or by the portfolio company directly, would impair SHP's investment.

Product Competition

The life sciences industry and the markets for pharmaceutical and biotechnology products are highly competitive and rapidly evolving. Each product is subject to competition from alternative products or procedures that are available on the market or may in the future be developed or become available, any of which may cause a product to become more expensive than its competitors and/or obsolete, thereby decreasing the value of or rendering worthless the expected royalty stream on that product. Sales of the products and a portfolio company's ability to maintain competitive positions are partly dependent on the success of marketing efforts.

Although products may be based upon patents or statutory marketing protection that confer exclusive rights, the FDA, EDA or other regulatory authority may authorize a third party to market a generic substitute or a biosimilar version of a product, or a third party may otherwise circumvent such exclusive rights, in which case the product would become subject to competition from such generic or biosimilar product, which may be sold at significantly lower prices than the product. Governmental and other pressures to reduce healthcare and related costs, including from third party payors such as health maintenance organizations and health insurers, could result in physicians or pharmacies increasingly using generic and/or biosimilar products. SHP may also invest in products which are themselves general alternatives. Generic pharmaceutical products face intense competition from brand-name companies that sell or license their own generic products or seek to delay the introduction of generic products.

Concentration of Investments

Except as set forth in the Offering Documents, SHP is generally not limited in the amount of capital that may be committed to any one investment, or sector. As such, the assets of SHP may not be diversified. Any such non-diversification would increase the risk of loss to SHP if there was a decline in the market value of any security, category or asset class in which SHP had invested a large percentage of its assets. If a large portion of the assets of SHP is held in cash or similarly liquid form, SHP's performance would likely be adversely affected. Investment in a non-diversified fund will generally entail greater risks than investment in a "diversified" fund.

Investments

Sagard will have broad discretion in making investments. The investments of SHP will generally be in assets that have significant risks as a result of business, financial, market or legal uncertainties. There can be no assurance that Sagard will correctly evaluate the nature and magnitude of the various factors that could affect the value of and return on the investments of SHP. Prices of the investments are often volatile, and a variety of other factors that are inherently difficult to predict, such as domestic or international economic and political developments, are likely to affect the results of SHP's activities and the value of the investments significantly. Past performance over a particular period may not necessarily be indicative of the results that may be expected in future periods. Similarly, the performance of other funds managed by Sagard may not be indicative of the results that SHP may be able to achieve with the investments of SHP in the future. An investor may lose money by investing in the ICAV.

Investments in non-U.S. Issuers

SHP may invest in the securities of non-U.S. issuers. On occasion, there is less information publicly available about a non-U.S. issuer than about a U.S. issuer, and non-U.S. issuers are not generally subject to accounting, auditing and financial reporting standards and practices comparable to those in the United States. In addition, with respect to certain countries, there is a possibility of expropriation, confiscatory taxation, imposition of withholding or other taxes on dividends, interest, capital gains or other income, limitations on the removal of funds or other assets of SHP, political or social instability or diplomatic developments that could affect investments in those countries. An issuer of securities may be domiciled in a country other than the country in whose currency the instrument is denominated. The values and relative yields of investments in the securities markets of different countries, and their associated risks, are expected to change independently of each other. Bankruptcy law and process in non-U.S. jurisdictions often differ substantially from that in the United States, which will often result in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganisation timing and the classification, seniority and treatment of claims. In certain developing countries, although bankruptcy laws have been enacted, the process for reorganisation remains highly uncertain, while some other developing countries have no bankruptcy laws enacted, adding further uncertainty to the process for reorganisation.

4. Summary of Certain Investment Risks related to the Portage Funds

Investments in Early-Stage Companies

Early-stage capital investment, the focus of certain Portage Funds, is the segment of the venture capital industry with the highest degree of investment risk. While investments in early-stage companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in large, mature companies. Such early-stage companies may be more vulnerable to financial failure, general economic trends and specific changes in markets and technology.

Early-stage companies often have little or no operating history and no established products or services. Many of the portfolio companies of the Portage Funds will need substantial additional capital (which may or may not be available) to support additional research and development activities, to expand or to achieve or maintain a competitive position. Such companies face intense competition, including from companies with greater financial resources, more extensive development, manufacturing, marketing and service capabilities and a larger number of qualified managerial and technical personnel. Early-stage companies may also be more susceptible to the negative effects of downturns in general economic conditions or loss of a single or a small number of employees.

The relative illiquidity of venture capital investments generally, and the greater illiquidity of private investments in early-stage companies in comparison to more mature companies in particular, could make it difficult for the Portage Funds to react quickly to negative economic, political or other developments or otherwise liquidate if and when the General Partner views as preferable timing.

Lack of Diversification; Limited Number of Investments

Typically the Portage Funds will participate in a limited number of investments that fit within a Portage Fund's investment criteria and investment objectives. The risks relating to the portfolio companies that underlie these investments may not be sufficiently diversified, meaning that the Portage Funds may be exposed to greater risks relating to general economic and market conditions than if the Portage Funds were to have a broader investment strategy. Furthermore, except as otherwise set out in the Offering Documents, capital called by the Portage Funds is intended to be invested in investments that may not have been selected, identified or made by the Portage Fund at the time an investor commits capital. The activity of identifying, completing and realizing such investments involves a high degree of uncertainty and is subject in some cases to the prevailing economic market, regulatory or political environment. Although the General Partner is required to comply with the investment and diversification limits set out in the Offering Documents, there can be no assurance that compliance with such restrictions will prevent the Portage Funds from incurring losses. In addition, the investment and diversification limits permit the Portage Funds to invest a material percentage of their committed capital in a single portfolio company. As a consequence, the unfavourable performance of a single portfolio company may have a material adverse effect on the aggregate returns of a Portage Fund.

Subject to the investment and diversification limits in the Offering Documents, certain Portage Funds will seek to make investments only in early-stage and growth-stage technology or technology-enabled businesses in the financial services sector (fintech) and the insurance sector (insurtech) generally in Canada and the United States and typically within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, a Portage Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of the Portage Fund's investments, may substantially affect the Portage Fund's aggregate returns.

Insufficient Opportunities; Competition for Investments

The success of the Portage Funds will depend on the availability of suitable investment opportunities that meet the investment criteria and investment objectives of the Portage Funds and the ability of the key persons of the Portage Funds and the members of the investment committee of the Portage Funds to identify, select, close and exit those investments. Identifying suitable investment opportunities involves a significant amount of uncertainty. There can be no guarantee that there will be a sufficient number of suitable investment opportunities to enable the Portage Funds to invest all of their committed capital or that such investment opportunities will lead to completed investments by the Portage Funds. Furthermore, the Portage Funds operate in a competitive marketplace. The Portage Funds will be competing for prospective investments with a broad range of financing companies and other sources of capital. These could include financial, institutional and, potentially, strategic investors along with other venture capital funds that have investment objectives similar to those of the Portage Funds, many of which could have substantially greater financial resources than the Portage Funds or may be more willing to take on risk or have more relevant experience or more personnel than the management group of the Portage Funds. Potential competitors may reduce the number of investment opportunities available to the Portage Funds and/or adversely affect the terms upon which such investments may be made by the Portage Funds. The returns to the Portage Funds' investors may decrease as a result of this competition. There can be no assurance that the Portage Funds will be able to locate suitable investment

opportunities, acquire them for an appropriate level of consideration, achieve their targeted rates of return or fully invest their committed capital.

Follow-On Investments

Following its initial investment in a given portfolio company, a Portage Fund may provide additional funds to such portfolio company or otherwise may have the opportunity to increase their investment in such portfolio company. There can be no assurance that the Portage Funds will make follow-on investments or that the Portage Funds will have sufficient funds to make all or any of such investments. Any decision by a Portage Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment or may result in a lost opportunity for a Portage Fund to increase their participation in a successful portfolio company.

Other Relationships with Portfolio Companies

The members of the management group of the Portage Funds, each investor and/or its respective associates, affiliates, directors, employees or advisors may have or may develop relationships with portfolio companies. Such relationships may include serving as a member of the board of directors of a portfolio company, seeking a buyer or equity investor on behalf of such portfolio company and advising such portfolio company as to appropriate candidates for acquisition or investment. These relationships may entail fiduciary or other duties to the portfolio company or its stakeholders which would conflict with duties owed to the Portage Funds.

Effects of Portfolio Company Bankruptcy

Certain Portage Funds may make investments in companies that are or may become subject to bankruptcy or similar proceedings under applicable laws. Bankruptcy or similar proceedings could subject a Portage Fund to certain risks including, for example, the potential total loss of any such investment. In addition, a bankruptcy filing or similar proceeding may have adverse, and potentially permanent, effects on a portfolio company. For example, the portfolio company could lose market position and key employees, and the liquidation value of the portfolio company may not equal the liquidation value that was believed to exist prior to the making of the portfolio investment by the Portage Fund.

Investments in Financial Technology and Financial Services Companies

Certain Portage Funds will invest in financial technology and financial services companies. Both the financial technology and financial services industries are challenged by various factors, including rapid change, evidenced by quickly changing market conditions and/or participants, new competing products and/or services, short product life cycles and improvements in existing products. A portfolio company's ability to succeed will be dependent upon its ability to constantly evolve its business to ensure that its products keep pace with changing technologies and markets. In addition, such portfolio companies may be more susceptible to macroeconomic effects and industry downturns. Instability, fluctuation or an overall decline within the financial technology and/or financial services industries will likely not be balanced by investments in other industries not so affected. In the event that either the financial technology or financial services industries as a whole declines, returns to Investors will also decline.

Investments in Special Situations

Certain Portage Funds may invest in "event-driven" and other special situations, such as recapitalizations, spin-offs, restructurings, reorganization, bankruptcy, litigation, corporate control transactions, corporate events and other catalyst-oriented strategies. The Portage Funds believe these types of investments

often have limited downside risk relative to their current valuations. The Portage Funds could, however, be incorrect in its assessment of the downside risk associated with an investment, thus resulting in significant losses to the Portage Funds. Investments in such securities often are difficult to analyze or may have limited trading histories or in-depth research coverage. Although the Portage Funds intend to utilize appropriate risk management strategies, such strategies cannot fully insulate the Portage Funds from the risks inherent in their planned activities. Moreover, in certain situations the Portage Funds may be unable to, or may choose not to, implement risk management strategies because of the costs involved or other relevant circumstances.

Equity Securities

Certain Portage Funds expect to invest in equity securities. As with other investments that a Portage Fund makes, the value of equity securities held by the Portage Fund will generally be adversely affected by actual or perceived negative events relating to the issuer of such securities, the industry or geographic areas in which such issuer operates or the financial markets generally. However, equity securities are typically even more susceptible to such events given their subordinate position in the issuer's capital structure. As such, equity securities generally have greater price volatility than fixed income securities, and the market price of equity securities owned by a Portage Fund is more susceptible to moving up or down in a rapid or unpredictable manner.

Preferred Stock

Certain Portage Funds may invest in preferred stock, which may have characteristics of both debt and equity. Dividend payments to preferred stockholders may be suspended or cancelled if the issuer experiences liquidity difficulties and the principal paid for preferred stock is generally subordinate to the debt obligations of the issuer. Preferred stocks are generally not entitled to meaningful covenant protection. Some preferred stocks may be non-cumulative, which means that the issuer does not ever have to declare or pay dividends on the stock or make up any missed dividends. Consequently, investments in preferred stock carry significant risk of loss of principal and current income.

Convertible Securities

Convertible securities generally offer lower interest or dividend yields than non-convertible debt securities of similar quality. The market values of convertible securities tend to decline as interest rates increase and, conversely, to increase as interest rates decline. However, a convertible security's market value tends to reflect the market price of the common stock of the issuing company when that stock price approaches or is greater than the convertible security's "conversion price." The conversion price is defined as the predetermined price at which the convertible security could be exchanged for the associated stock. As the market price of the underlying common stock declines, the price of the convertible security tends to be influenced more by the yield of the convertible security. Thus, it may not decline in price to the same extent as the underlying common stock. Generally, in the event of a liquidation of the issuing company, holders of convertible securities would be paid before the company's common stockholders but after holders of any senior debt obligations of the company. Consequently, the issuer's convertible securities generally entail less risk than its common stock but more risk than its debt obligations.

Junior Capital Investments

Certain Portage Funds may make junior debt investments, which involve a high degree of risk with no certainty of any return of capital. Although junior debt obligations are senior to common stock and other equity securities in the capital structure, they may be subordinated to large amounts of senior debt and are often unsecured. The ability of the subordinated debt holders to influence a company's affairs,

especially during periods of financial distress or following insolvency, is likely to be substantially less than that of senior creditors. For example, under the terms of subordination agreements, senior creditors are typically able to block the acceleration of the junior debt or other exercises by the subordinated creditors of their rights. Accordingly, a Portage Fund may not be able to take the steps necessary to protect its investments in a timely manner or at all.

5. Summary of Certain Investment Risks related to the SPEC Funds

Insufficient Opportunities; Competition for Investments

The success of the SPEC Fund will depend on the availability of suitable opportunities that meet the investment criteria and investment objectives of the SPEC Fund and the ability of the Key Persons and the Investment Committee to identify, select, close and exit those investments. Identifying suitable opportunities involves a significant amount of uncertainty. There can be no guarantee that there will be a sufficient number of suitable opportunities to enable the SPEC Fund to invest all of its commitments or that such opportunities will lead to completed investments by the SPEC Fund. Furthermore, the SPEC Fund operates in a competitive marketplace. The SPEC Fund will be competing for prospective investments with a broad range of financing companies and other sources of capital. These could include financial, institutional and, potentially, strategic investors along with other private equity funds that have investment objectives similar to those of the SPEC Fund, many of which could have substantially greater financial resources than the SPEC Fund or may be more willing to take on risk or have more relevant experience or more personnel than the SPEC Fund. Potential competitors may reduce the number of opportunities available to the SPEC Fund and/or adversely affect the terms upon which such investments may be made by the SPEC Fund. The returns to the SPEC Fund's investors may decrease as a result of this competition. There can be no assurance that the SPEC Fund will be able to locate suitable opportunities, acquire them for an appropriate level of consideration, achieve its targeted rate of return or fully invest its commitments.

Lack of Diversification; Limited Number of Investments

The SPEC Fund will participate in a limited number of investments that fit within the SPEC Fund's investment criteria and investment objectives. The risks relating to the portfolio companies that underlie these investments may not be sufficiently diversified, meaning that the SPEC Fund may be exposed to greater risks relating to general economic and market conditions than if the SPEC Fund were to have a broader investment strategy. Furthermore, except as otherwise set out in the Offering Documents, capital called by the SPEC Fund is intended to be invested in investments that have not yet been selected, identified or made by the SPEC Fund. The activity of identifying, completing and realizing such investments involves a high degree of uncertainty and is subject in some cases to the prevailing economic market, regulatory or political environment. Although the General Partner is required to comply with the investment restrictions set out in the Offering Documents, there can be no assurance that compliance with such restrictions will prevent the SPEC Fund from incurring losses. In addition, the investment restrictions permit the SPEC Fund to invest a material percentage of its aggregate fund commitments in a single portfolio company. As a consequence, the unfavourable performance of a single portfolio company may have a material adverse effect on the aggregate returns of the SPEC Fund. Subject to the investment restrictions in the Offering Documents, the SPEC Fund will seek to make investments in selected industry segments predominantly in Canada and typically within a short period of time, which could create the conditions for a portfolio of investments that exhibit, amongst themselves, a very high degree of correlated returns. As a result of the foregoing, the SPEC Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of the SPEC Fund's investments, may substantially affect the SPEC Fund's aggregate returns.

Investments in Mid-Market Companies

A major component of the SPEC Fund's investment objectives is to invest in Canadian mid-market companies. The SPEC Fund's focus on Canadian "mid-market companies" will generally include companies for which transaction values are below \$500 million. While investments in such mid-market companies may present greater opportunities for growth, such investments may also entail larger risks than are generally associated with investments in larger companies. Mid-market companies may have relatively limited human resources, product lines, markets, and financial and other resources making them more vulnerable to general economic trends and to specific changes in markets and technology. Because of their size, future growth may be dependent on finding sources of additional financing, which may not be available on acceptable terms when required. Generally, there is a more limited marketplace for the sale of interests in smaller, private companies, which may make realizations of gains more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in mid-market companies in particular, could make it difficult for the SPEC Fund to react quickly to negative economic or political developments.

Investments in Troubled Companies and Early-Stage Companies

The SPEC Fund may invest in companies that may be considered to be troubled or in early stages of growth. The performance of troubled or early-stage companies may be more volatile due to their limited human resources, product lines, markets or financial reserves or their susceptibility to major economic setbacks or downturns.

Toehold Investments

The SPEC Fund may accumulate minority positions in the outstanding debt securities or in voting stock, or securities convertible into the voting stock, of potential portfolio companies. While the General Partner of the SPEC Fund will seek to achieve such accumulation through open market purchases, registered tender offers, negotiated transactions or private placements, the General Partner may be unable to accumulate a sufficiently large position in a portfolio company to execute its strategy. In such circumstances, the SPEC Fund may dispose of its position in the portfolio company within a short time of acquiring it; however, there can be no assurance that the price at which the SPEC Fund can sell such securities will not have declined since the time of acquisition. Moreover, this may be exacerbated by the fact that securities of the companies that the SPEC Fund may target may be thinly traded and that the SPEC Fund's position may nevertheless have been substantial, although not controlling, and its disposal may depress the market price for such securities.

Non-Controlling Investments

The SPEC Fund may hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights. In addition, during the process of exiting investments, the SPEC Fund at times may hold minority equity stakes of any size such as might occur if a portfolio company is taken public. As is the case with minority holdings in general, such minority stakes that the SPEC Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. Where the SPEC Fund holds a minority stake, it may be more difficult for the SPEC Fund to liquidate its interest than it would be had the SPEC Fund owned a controlling interest in such company. Even if the SPEC Fund has contractual rights to seek liquidity of its minority interest in such company, it may be very difficult to sell such interest or seek a sale of such company upon terms acceptable to the SPEC Fund, especially in cases where the other investors in such company have different business and investment objectives and goals.

Investments Longer than Fund Term

The SPEC Fund may make investments that may not be advantageously disposed of prior to the date that the SPEC Fund will be wound-up and dissolved, either by expiration of the SPEC Fund's term or otherwise. Although the General Partner of the SPEC Fund generally expects to extend the SPEC Fund's term pursuant to the Offering Documents if such an extension would be in the best interests of the SPEC Fund, and generally expects that investments will be either realized prior to dissolution or suitable for in-kind distribution at dissolution, the SPEC Fund may have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution, particularly with respect to an early dissolution of the SPEC Fund upon the affirmative vote of the requisite threshold of investors.

Risks in Effecting Operating Improvements

The success of the SPEC Fund's investment strategy will depend, in part, on the ability of the SPEC Fund to effect improvements in the operations of a portfolio company. The activity of identifying and implementing potential operating improvements at portfolio companies entails a high degree of uncertainty. There can be no assurance that the SPEC Fund will be able to successfully identify and implement such improvements.

Enhanced Scrutiny and Regulations of the Private Equity and Financial Services Industries

The financial services industry generally, and the activities of private investment funds and their managers, in particular, have been subject to intense and increasing regulatory oversight. The SPEC Fund's ability to achieve its investment objectives, as well as the ability of the SPEC Fund to conduct its operations, is based on laws and regulations which are subject to change through legislative, judicial or administrative action. Future legislative, judicial or administrative action could adversely affect the SPEC Fund's ability to achieve its investment objectives, as well as the ability of the SPEC Fund to conduct its operations. Increased regulation could have a material adverse impact on the profit potential of the SPEC Fund, as well as require increased transparency as to the identity of the Investors.

Further, the growth of the private equity industry, and the increasing size and reach of transactions, as well as the increasing attention to hedge funds, has prompted additional governmental and public attention to the private equity industry and its practices. Regulation generally, as well as regulation more specifically addressed to the private equity industry, including tax laws and regulation, whether domestically or abroad, could increase the cost of acquiring, holding or divesting portfolio companies, the profitability of enterprises and the cost of operating the SPEC Fund. Additional regulation could also increase the risk of third-party litigation.

This increased attention on the private equity industry could also provoke regulatory agencies in Canada, the United States, Europe or elsewhere to adopt burdensome new laws (including tax laws) or regulations, or to make changes in existing law or regulation, or in the interpretation or enforcement thereof, which are specifically targeted at the private equity industry, which could adversely affect the SPEC Fund.

6. Summary of Certain General Risk Factors

Uncertainty of Projections

The Funds may use financial projections to help analyze a potential investment or other transactions. Projected operating results of a portfolio company generally will be based primarily on financial projections prepared by each company's management, with adjustments to such projections made by Sagard in its discretion. In all cases, projections are only estimates of future results that are based upon

information received from the company and third parties and assumptions made at the time the projections are developed. Also, general economic factors, which are not predictable, can have a material effect on the reliability of projections. There can be no assurance that the results set forth in any projections will be attained, and actual results may be significantly different from projections.

Use of Leverage

As described in the Offering Documents of each Fund, the Funds may incur Fund-level indebtedness under such terms as such Fund may elect, including, but not limited to, on a joint and several basis with parallel partnerships, feeder vehicles and alternative investment vehicles, special purpose vehicles and subsidiaries and other entities in which each respective Fund has an investment. It is expected that this indebtedness will be secured by the unfunded commitments of Investors and/or the other assets of the Funds. There can be no assurance, however, that any such entity will be able to obtain adequate financing for its purposes. Further, a Fund may issue guarantees in the name of such Fund. Such use of leverage generally magnifies both the Fund's opportunities for higher returns and its risk of loss from a particular investment. The extent to which a Fund or any special purpose vehicle uses leverage may have important consequences to Investors, including the following: (i) greater fluctuations in the net assets of a Fund, (ii) use of cash flow (including capital contributions) for debt service and related costs and expenses, rather than for additional investments, distributions, or other purposes, (iii) to the extent that a Fund's revenues are required to meet principal payments, Investors may be allocated income (and therefore incur tax liability) in excess of cash available for distribution, (iv) in certain circumstances a Fund may be required to prematurely harvest investments to service its debt obligations and/or the debt obligations of any special purpose vehicle, (v) limitations on the flexibility of a Fund to make distributions to Investors or sell assets or permit transfers by Investors that are pledged or charged to secure the indebtedness, and (vi) increased interest expense if interest rate levels were to increase significantly. There can also be no assurance that a Fund will have sufficient cash flow to meet its debt service obligations. As a result, a Fund's exposure to losses may be increased due to the illiquidity of its investments generally.

In addition, in the case of borrowings secured by unfunded commitments, Investors whose unfunded commitments have been pledged may be called upon to fund their entire unfunded commitments to repay indebtedness and the failure of other Investors to honor their unfunded commitments may result in an Investor's payment exceeding its pro rata share of the indebtedness that has been obtained by the Funds. Furthermore, should an event of default occur under a leverage facility entered into by the Funds or any special purpose vehicle, the lenders or other counterparties thereunder could accelerate the related indebtedness and exercise remedies with respect thereto including, without limitation, liquidating the assets securing such indebtedness which could result in substantial losses to the Funds, which would be greater than if the Funds were not leveraged.

Sagard expects to fund certain capital needs of the Funds with the proceeds of borrowings in lieu of drawing down commitments from Investors, which will result in the net internal rate of return of a Fund being higher than it otherwise would have been without fund-level borrowing, particularly during early years of a Fund's term. Sagard (or an affiliate thereof) may be incentivized to fund portfolio investments and ongoing capital needs of the Funds with the use of indebtedness in lieu of drawing down commitments.

Borrowings will be subject to interest, transaction and other costs, and other types of leverage also involve transaction and other costs. Any such costs may or may not be recovered by the return on the Funds' portfolios.

In connection with any credit facility leverage used by the Funds, the Funds and/or any special purpose vehicle may be required to make certain representations and warranties to one or more lenders. The

Funds and/or any special purpose vehicles may also be required to indemnify the lenders pursuant to any credit facility in case such representations and warranties are inaccurate. Should a credit facility be utilized, the Funds and/or any special purpose vehicles would incur additional interest and other expenses with respect to such facility. Any such credit facility provider that has security over the Fund assets as collateral for such credit facility may require the sale or liquidation of Fund assets held by it as collateral after default by such Fund and/or any special purpose vehicle pursuant to the agreement with such credit facility provider. Events of default under any such credit facility may include, among other things, failure to pay amounts due under such credit facility, failure to inform the credit facility provider of certain events with respect to the Funds, failure to provide the credit facility with certain periodic reports and financial statements, breach by the Funds and/or any special purpose vehicle of other representations and covenants contained in credit facility documentation and other similar terms. If any such credit facility provider were to require the Funds to sell or liquidate assets or otherwise act to realize on such collateral, these actions may impair the operational capabilities of the Funds and/or any special purpose vehicles and have adverse tax and economic effects on the Funds.

In addition, any security interests and/or negative covenants required by a credit facility may limit the Funds' and/or any special purpose vehicle's ability to create liens on assets to secure additional debt and may make it difficult for the Funds and/or any special purpose vehicle to restructure or refinance indebtedness at or prior to maturity or obtain additional debt or equity financing. In addition, if a Fund's borrowing base under a credit facility were to decrease, such Fund and/or any special purpose vehicle may be required to secure additional assets in an amount sufficient to cure any borrowing base deficiency. In the event that all of such Fund's assets are secured at the time of such a borrowing base deficiency, such Fund and/or any special purpose vehicle could be required to repay advances under a credit facility or make deposits to a collection account, either of which could have a material adverse impact on the Funds' ability to make future investments and to make distributions.

In addition, pursuant to the terms of any credit facility, the Funds may be subject to limitations as to how borrowed funds may be used, which may include restrictions on geographic and industry concentrations, loan size, payment frequency and status, average life, collateral interests and investment ratings, as well as regulatory restrictions on leverage which may affect the amount of funding that may be obtained. There may also be certain requirements relating to portfolio performance, including required minimum portfolio yield and limitations on delinquencies and charge-offs, a violation of which could limit further advances and, in some cases, result in an event of default.

Certain parties participating in an investment (including the General Partner, an Other Sagard Entity and any co-investment party and/or joint venture partner) are not expected to bear their pro rata share of expenses relating to the subscription facility used for making an investment (including, without limitation, interests expenses, origination and other costs). As a result, a Fund is expected to bear a disproportionate cost in connection with the extension of credit. In addition, because the General Partner, Other Sagard Entity and any co-investment party and/or joint venture partner are not expected to be parties to the subscription facility, the Fund will bear a disproportionate amount of the credit risk associated with the subscription facility.

The use of Fund-level indebtedness will differ based on available credit facility capacity and contractual terms applicable to each Fund and Other Sagard Entity and each such credit facility. Therefore, as the subscription credit facilities utilized by the Funds and the Other Sagard Entities may have different terms, while a Fund and another Fund and/or Other Sagard Entity may be invested in the same investment, and while the valuation of such investment would be consistently determined pursuant to the relevant Offering Documents, the investment return can, in certain circumstances, differ among the Fund and the other Fund and/or an Other Sagard Entity as a result.

Distressed Investments

Sagard may invest the assets of certain of the Funds in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing significant financial difficulties and/or material operating issues, including companies that may have been, are or will become involved in bankruptcy proceedings or other restructuring, recapitalization or liquidation processes. Investments in such companies involve a substantial degree of risk that is generally higher than the risk involved in investing in companies that are not in financial or operational distress. The level of analytical sophistication, both financial and legal, necessary for successful financing to entities experiencing significant business and financial difficulties is unusually high and there is no assurance that Sagard will correctly evaluate the value of the assets collateralizing the Funds' loans or the prospects for a successful reorganization or similar action. The market prices of such investments are also subject to abrupt and erratic market movements and above average price volatility, and the spread between the bid and ask prices of such investments may be greater than those prevailing in other markets. It may take a number of years for the market price of such investments to reflect their intrinsic value. In the event that a portfolio company does become involved in bankruptcy proceedings or a restructuring, recapitalization or liquidation is required, a Fund may lose some or all of its investment or may be required to accept illiquid securities or other instruments with rights that are materially different than the original securities or other instruments in which a Fund has invested.

Litigation

The transactional nature of the business of the Funds exposes Sagard generally to the risk of third-party litigation. In the ordinary course of its business, the Funds may be subject to litigation from time to time. In addition, the Funds may make investments in portfolio companies that become involved in litigation. As a result of such investments, the Funds could be named as a defendant in a lawsuit or regulatory action. The outcome of any such proceedings, which may materially adversely affect the value of the Funds, may be impossible to anticipate, and such proceedings may continue without resolution for long periods of time. Under the Offering Documents, the Funds will generally be responsible for indemnifying Sagard and certain of its affiliates for costs they may incur with respect to such litigation not covered by insurance. The outcome of litigation proceedings may materially adversely affect the value of the Funds and may continue without resolution for long periods of time. Additional regulation could also increase the risks of third-party litigation. Any litigation may consume substantial amounts of Sagard's time and attention.

Expedited Investment Decisions

Before making investments, Sagard will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. The due diligence and evaluation process may entail evaluation of important and complex business, financial, tax, accounting, technical, environmental and legal issues. Outside consultants, legal advisers, accountants, investment banks and other third parties may be involved in the due diligence and evaluation process. Sagard may rely on the advice received from such third parties and no assurance can be given as to the accuracy or completeness of the information provided by such third parties or to the Funds' right of recourse against them in the event errors or omissions do occur. Investment analyses and decisions by Sagard will often be undertaken on an expedited basis in order for the Funds to take advantage of investment opportunities. In such cases, the information available to Sagard at the time of an investment decision may be limited. Therefore, no assurance can be given that Sagard will have knowledge of all circumstances that may adversely affect an investment. The Funds may not be indemnified for losses related to facts that the due diligence investigation did not reveal, and such facts may result in a material adverse effect on the Funds' investment.

Rating Agencies

In general, the ratings of recognized rating organizations represent the opinions of these agencies as to the quality of securities that they rate. These ratings may be used by Sagard, in part, in making investment decisions. Such ratings, however, are relative and subjective; they are not absolute standards of quality. It is also possible that a rating agency might not change its rating of a particular issue on a timely basis to reflect subsequent events. The Funds are not required to invest in securities that have been rated.

Hedging

The Funds may use a variety of financial instruments, such as derivatives, options, interest rate swaps, currency hedging, caps and floors, futures and forward contracts for purposes of hedging currency, interest rate or market risk associated with any investment. While the Funds may enter into hedging transactions to seek to reduce risk, such transactions may result in a poorer overall performance and increased (rather than reduced) risk for the Funds than if they had not engaged in any such hedging transactions. Hedging against a decline in the value of a portfolio position does not eliminate fluctuations in the values of portfolio positions or prevent losses if the values of such positions decline, but establishes other positions designed to gain from those same developments, thus moderating the decline in the portfolio positions' value. Such hedging transactions also limit the opportunity for gain if the value of the portfolio position should increase. Sagard may choose for the Funds not to enter into hedging transactions with respect to some or all of the Funds' positions. It should be noted that investments will always be exposed to certain risks that cannot be hedged, such as credit risk (relating both to particular securities and counterparties).

Derivative Financial Instruments

The Funds may from time to time purchase or sell various financial derivative instruments including forwards, swaps or options on currencies, securities and indices when seeking to hedge currency, interest rate or market risk associated with its investments; however, it is generally impossible to fully hedge an investment given the uncertainty as to the amount and timing of projected cash flows and investment returns, if any, on the Funds' investments. In addition, the prices of such financial derivative instruments are highly volatile. Price movements of forward contracts and other derivative contracts used for hedging purposes in which the Funds' assets may be invested are influenced by, among other things, interest rates, changing supply and demand relationships, and trade, fiscal, monetary and exchange control programs and policies of governments, and national and international political and economic events and policies. In addition, governments from time to time intervene, directly and by regulation, in certain markets, particularly those in currencies and financial instrument options. Such intervention often is intended directly to influence prices and may, together with other factors, cause all of such markets to move rapidly in the same direction because of, among other things, interest rate fluctuations. The Funds also are subject to the risk of the failure of any exchange on which its positions trade or of its clearinghouses. Therefore, while the Funds may enter into such transactions to seek to reduce perceived risks, unanticipated changes in values may result in a poorer overall performance for the Funds than if they had not engaged in any such financial derivative instruments.

Nature of Investment in the Fund

An investment in a Fund requires a long-term commitment with no certainty of return. In addition, the General Partner may elect under certain circumstances to reinvest rather than distribute proceeds from the Fund's investments, if any. This could mean that an Investor may not receive any distributions of proceeds for a significant period of time.

Depending on the investment strategy, the Funds' investments may not generate current income. As a result, the return of capital and the realization of gains, if any, from an investment will generally only occur upon the partial or complete realization or disposition of such investment. While an investment may be realized or disposed of at any time, it is generally anticipated that the realization or disposition of most of a Fund's investments will not occur for several years after such investments are made. Furthermore, the Funds expect to invest primarily in securities that are illiquid and subject to resale restrictions. These types of illiquid investments are subject to various risks, including that a Fund may be unable to realize or dispose of its portfolio companies at attractive prices or be able to complete any attractive exit strategy. In some cases, a Fund may be prohibited or limited by contract from disposing certain securities for a period of time. In addition, certain investments may require a significant amount of time to liquidate. As a result, a Fund may not be able to dispose of an investment at a time it may otherwise desire to do so. Finally, and more generally, there can be no assurance that a Fund will be able to realize or otherwise dispose of any of its investments.

Risk of Loss; No Guarantee of Returns

Although the General Partner of a Fund intends to make investments that have returns commensurate with the risks of investing in the strategy described in Offering Documents, there can be no assurance that a Fund will be able to generate returns for its Investors or that the returns will be at the levels currently anticipated by the General Partner. The success of a Fund will depend on many factors, including the ability of the General Partner to identify, select, enter into and exit appropriate investments. The marketability and value of any such investment, and therefore, a Fund's return on any such investment, will depend upon many factors beyond the control of a Fund or the General Partner. In addition, a Fund may enter into agreements relating to a prospective investment whereby the Fund is obligated to make payments in certain circumstances even if the Fund does not complete the investment. As a result, a Fund could incur substantial costs with no opportunity for a return. An Investor could lose all of its capital contributions and, therefore, an Investor should only invest in a Fund as part of an overall investment strategy and only if the Investor can withstand a total loss of its investment.

Distributions in Kind

It is possible, that upon the winding-up of the Funds, distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in-kind. It may be difficult for Investors to liquidate the investments received at a price or within a time period that is determined thereby to be ideal, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. The price at which such investments may be sold by such Investors may be lower than the value of such investments determined pursuant to the Offering Documents, including the value used to determine the amount of Performance-Based Fees accruing to the General Partner with respect to such investment. Investors in receipt of a distribution in kind will have no guidance from Sagard or the General Partners with respect to disposition of such investment (including timing of such disposition).

Cyber Security Breaches and Identity Theft

The information and technology systems of Sagard and the portfolio companies of the Funds may be vulnerable to damage or interruption for various reasons, including computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes and earthquakes. Although Sagard and its affiliates have implemented various measures to manage risks relating to these types of events, if these systems are compromised, become inoperable for extended periods of time or cease to function properly, Sagard, the Funds and/or

a portfolio company may incur significant time or expense to fix or replace their information and technology systems and to seek to remedy the effects of such issues. The failure of these systems and/or of disaster recovery plans for any reason could cause significant interruptions in the operations of Sagard, the Funds and/or a portfolio company and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to Investors in the Funds (and the beneficial owners of Investors in the Funds). In addition, such a failure could harm the reputation of Sagard, the Funds and/or a portfolio company, subject any such entity and its respective affiliates to legal claims or otherwise affect their business and financial performance.

Agreements with Certain Investors

The General Partner often enters into a side letter or other similar agreement with a particular Investor in connection with its admission to a Fund without the approval of any other Investor, which would have the effect of establishing rights under, altering or supplementing the terms of the Offering Documents with respect to such Investor in a manner more favorable to such Investor than those applicable to other Investors in the Fund, and such rights may be significant. Such rights or terms in any such side letter or other similar agreement may include, without limitation, (i) excuse, exclusion or withdrawal rights applicable to particular investments or Investors (which may increase the percentage interest of other Investors in, and contribution obligations of other Investors with respect to, certain investments), (ii) reporting obligations of the General Partner of a Fund, (iii) waiver of certain confidentiality obligations, (iv) consent of the General Partner of a Fund to certain transfers by such Investor, (v) rights to participate in co-investment opportunities or (v) rights or terms necessary in light of particular legal, regulatory or public policy characteristics of such Investor. Investors will have no recourse against the Funds, Sagard or their respective affiliates in the event that certain Investors receive additional or different rights or terms pursuant to such side letters, some of which rights may impact the rights and/or increase the obligations of other Investors. In addition, side letter arrangements with certain Investors of the Funds impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such Investors. While these restrictions are intended to apply solely to such Investors, they may ultimately restrict the investments made by the Funds.

Co-Investments

Sagard offers co-investment opportunities, from time to time in its discretion, to certain Investors or third parties which are not Investors in a Fund. Sagard also offers co-investment opportunities, from time to time in its discretion, to Sagard affiliates (which includes any person directly or indirectly owned or controlled by PCC). Prior to offering a co-investment opportunity to any Investor or any person which is not an Investor in a Fund, Sagard will offer the co-investment opportunity to Investors (including affiliates) that are qualified to obtain a priority co-investment allocation, if any, and allow them to elect to be allocated up to their share of the co-investment opportunity in accordance with applicable Offering Documents. Except as explicitly set forth in the Offering Documents of a Fund or other specific agreements with an Investor, no Investor has a right to allocation of co-investment opportunities. Subject to any requirements set forth in the Offering Documents:

- (i) co-investment opportunities typically will be offered to some and not other Investors, and decisions regarding whether and to whom to offer co-investment opportunities are made in the sole discretion of Sagard or its related persons;
- (ii) co-investments, as well as the applicable terms on which a co-investment is made, are made in the sole discretion of Sagard or its related persons or other participants in the applicable transactions, such as co-sponsors,

- (iii) Investors may be offered a smaller amount of co-investment opportunities than originally requested or offered fewer co-investment opportunities than other Investors in the same Fund, with the same, larger or smaller capital commitments to such Fund, and
- (iv) certain persons other than Investors (e.g., other Advisory Clients or related persons of Sagard or its consultants, joint venture partners, personnel or affiliates or persons associated with a portfolio company and other third parties, including persons who Sagard believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic sourcing or similar benefit to Sagard or its related persons, a Fund, and/or a portfolio company and one or more of their respective affiliates, due to industry or regulatory expertise or otherwise), rather than one or more Investors, will, from time to time be offered co-investment opportunities, in the sole discretion of Sagard or its related persons.

Subject to any limitations set forth in the Offering Documents, co-investors may purchase their interests in a portfolio company at the same time as the Funds or after such Funds have consummated their investment in the portfolio company, including as part of a post-closing sell down or transfer or as part of a follow-on investment.

Each co-investment opportunity is likely to be different and allocation of each such opportunity will be dependent upon the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements and do not require Sagard to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, Sagard or its affiliates from time to time agrees to give particular Investors, Advisory Clients or third parties priority access to co-investment opportunities in investments made by a particular Advisory Client. This priority access could include, in accordance with the applicable Offering Documents, the right to a portion of an investment opportunity even if the entire amount of such investment opportunity (or a larger portion thereof) could have otherwise been taken by a Fund. The existence of such priority or other contractual co-investment access rights would affect Sagard's decision to offer certain opportunities for co-investment, would limit the ability of other Advisory Clients or their Investors to be offered certain co-investment opportunities and/or limit the size of the investment opportunity available to the Advisory Client making the investment.

Conflicts of interest may arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which may be made to one or more persons for any number of reasons as determined by Sagard in its sole discretion, may not be in the best interests of a particular Fund or any individual Investor.

In exercising its discretion to allocate co-investment opportunities and subject to the terms of the Offering Documents with respect to a particular investment, Sagard may consider some or all of a wide range of factors, which may include, but are not limited to one or more of the following:

- Whether the investor has committed, contributed or allocated significant capital to a range of platforms and products, investment ideas and asset classes made available by Sagard, including any Advisory Clients, as determined by Sagard in its sole discretion;
- The ability of an investor to react promptly to co-invest opportunities;
- Any strategic advantages that may result from an investor's participation in a co-investment opportunity;

- Sagard's evaluation of the size and financial resources of the potential co-investment party and Sagard's perception of the ability of that potential co-investment party (in terms of, for example, staffing, expertise and other resources or similar synergies) to efficiently and expeditiously participate in the co-investment opportunity with the Funds without harming or otherwise prejudicing the Funds, in particular when the investment opportunity is time-sensitive in nature, as is typically the case (including whether the potential co-investment party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required);
- Any confidentiality concerns Sagard has 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;
- Whether a potential co-investment party has a history of participating in co-investment opportunities and Sagard'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 co-investment opportunities previously offered by Sagard and the expected amount of negotiations required in connection with a potential co-investment party's commitment;
- The character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry);
- Level of demand for participation in such co-investment opportunity;
- The ability of a potential co-investment party, including certain third-party consultants and/or advisors providing services to the Funds to aid in operating or monitoring a portfolio company or the possession of certain expertise by a potential co-investment party and the potential co-investment party's chemistry with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company;
- Any interests a potential co-investment party has in any competitors of the portfolio company;
- The ability of a potential co-investment party to hold investments for longer periods of time (or indefinitely);
- Sagard's perception of whether the investment opportunity may subject the potential co-investment party to legal, regulatory, competitive, confidentiality, 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;
- Sagard'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 Funds to take advantage of such investment opportunity (for example, if the potential co-investment party is involved in the same industry as a target company in which the Funds wish 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 Funds being able to capitalize on a potential investment opportunity);
- An investor's commitment to the Funds and/or an Other Sagard Entity, and/or the likelihood that an investor may invest in an Other Sagard Entity;

- Whether the potential co-investment party will make commitments to invest in other Funds or funds of Other Sagard Entities (including concurrently with the applicable co-investment) as well as commitments to future Funds raised by Sagard;
- Whether the co-investment opportunity is being provided in connection with a potential investment in or acquisition of interests through a secondary transfer of the Funds (i.e., a stapled co-investment opportunity); and
- Whether Sagard 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 (including strategic, sourcing or other similar benefits) to the Funds, or an Other Sagard Entity and/or Sagard and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the Funds or an Other Sagard Entity and/or Sagard.

The factors above are not listed in order of importance or priority and Sagard is not required to, and does not, consider all of the factors described above in any particular investment and some factors may be more or less important depending upon the nature of the particular investment and attendant circumstances. Sagard's exercise of its discretion in allocating investment opportunities with respect to a particular investment among the persons discussed above, including the Advisory Clients, Investors, potential co-investors, Sagard personnel and third parties, and in the manner discussed above often will not, result in proportional allocations among such persons, and such allocations often will be more or less advantageous to some such persons relative to other such persons (including, for example, whether Sagard and/or the applicable General Partner is entitled, under arrangements made with certain potential co-investment parties, to additional management fees and/or Performance-Based Fees based on the availability of co-investment opportunities offered to such parties). For example, Sagard may be incentivized to offer a co-investment opportunity to certain persons over others based on its economic arrangement with such persons or as compensation for consulting, advisory or other services provided by such persons. While Sagard determines how to allocate co-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 actual allocation of a co-investment opportunity or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Sagard is subject, discussed herein, did not exist. Sagard reserves the right to charge management fees and/or Performance-Based Fees with respect to co-investors or co-investment vehicles, which could create a conflict of interest under certain circumstances because it creates an incentive for Sagard under certain circumstances to offer co-investment opportunities where they otherwise would not (for instance, if a Fund could have taken a greater share of the investment opportunity but is not performing well and may be unlikely to pay carried interest to the General Partner).

Sagard from time to time agrees to give particular investors, Other Sagard Entities, third-party consultants and/or advisors providing services to a Fund or other third parties priority access to co-investment opportunities in investments made by a Fund. This priority access includes the right to a portion of an investment opportunity even if the entire amount of such investment opportunity (or a larger portion thereof) could have otherwise been taken by a Fund. The existence of such priority or other contractual co-investment access rights would affect Sagard's decision to offer certain opportunities for co-investment, would limit the ability of other investors, other Funds or Other Sagard Entities to be offered certain co-investment opportunities and/or limit the size of the investment opportunity available to a Fund. Such co-investment rights may result in the allocation to a Fund to be meaningfully reduced and thus the performance of a Fund may be impacted adversely.

Sagard (or one of its affiliates) may also, in its sole discretion, charge a management fee and/or obtain a Performance-Based Fee in respect of any such co-investment. Since co-investments will not be made through the Funds, any compensation received in connection with a co-investment does not arise out of the investment activities of the Funds or actions taken directly or indirectly by Sagard and its affiliates on behalf of the Funds and, therefore, none of such fees and other co-investor-related compensation reduces the management fee paid by a particular Fund. The receipt of fees or Performance-Based Fees in respect of a co-investment can create an incentive for Sagard to allocate a portion of an investment to co-investors rather than the Funds, particularly if the fees or Performance-Based Fees with respect to the co-investment are more favorable to Sagard than those in connection with the Funds.

If a co-investment vehicle or account is formed, such entity or account will generally bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. Such co-investment vehicles or accounts may have more favorable rights and/or terms than the Funds and/or other co-investors.

Co-investments with third parties through partnerships, joint ventures or other entities or arrangements may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of a particular Fund, may have financial difficulties (which may increase the possibility of default), or may be in a position to take (or block) action contrary to the investment objectives of a particular Fund. In addition, a Fund, may in certain circumstances, be liable for the actions of a third-party co-investor. In those cases in which co-investments with third parties involve a management group, third-party co-investors may receive compensation arrangements relating to such co-investments, including incentive compensation arrangements. There can be no assurance that the Funds' return from a transaction involving a co-investment will be equal to and not less than the return of any co-investor in such transaction.

To the extent that any other funds or any other entity or individual co-invests alongside the Funds in any portfolio company, any Portfolio Company Fees will be allocated among the Funds and the co-investors in proportion to the cost of the investment or potential investment in the portfolio company held (or committed to be held) by each. Accordingly, the Funds will generally only benefit from the management fee reduction described with respect to its allocable portion of any such Portfolio Company Fees and not the portion of any fee allocable to any co-investor in a portfolio company.

In the event Sagard determines to offer an investment opportunity to co-investors, there can be no assurance that Sagard will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Funds or that expenses incurred by the Funds with respect to the syndication of the co-investment will not be substantial. As a consequence, the Funds may bear the entire portion of any fees, costs and expenses related to such investment including, but not limited to, break-up fees and hold a larger than expected portion of such investment. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce the Funds' overall investment returns. In the event that Sagard is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Funds may consequently hold a greater concentration and have exposure in the related investment opportunity than was initially intended, which could make the Funds more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto.

Warehoused Investments

Prior to their initial closing, certain Funds will complete warehoused investments. To fund such warehoused investments, an intermediate holding vehicle of a Fund will typically borrow capital from

SHI or another affiliate of Sagard (the **“Warehouse Loan”**). On the Initial Closing or as soon as reasonably practicable thereafter, such Fund will repay the Warehouse Loan (including accrued interest to the date of repayment) in full. Because the value of warehoused investments may decline prior to the repayment of a Warehouse Loan, there can be no assurance that the value of the warehoused investments at the time of repayment of a Warehouse Loan will not be less than the amounts outstanding under the Warehouse Loan (including accrued interest thereon). Although the value of the warehoused investments may decline, in some cases significantly, prior to the repayment of a Warehouse Loan, the Funds will be required to repay SHI or an affiliate the amounts (including any fees and expenses, including any costs of borrowing or interest attributable thereto) outstanding under such Warehouse Loan, of which such amounts will not offset the management fee. Sagard or its affiliates will determine in their sole discretion when to cause the Funds to repay such Warehouse Loan which will affect the amount of interest that will accrue to and be paid to SHI or an affiliate. There can be no assurance that the Funds could not have obtained better terms when engaging with a third party lender. SHI, Sagard and its affiliates experience a conflict of interest when making such loan, negotiating the terms of such loan, making determinations as to when such loan should be repaid and going forward in enforcing rights as a lender under the terms of the loan, and as such, Sagard's interests may at times conflict with the interests of the Funds, and it should not be assumed that Sagard, SHI and its affiliates will take into account the Funds' interest when enforcing its rights in connection with such loan. Such actions could have an adverse impact on the Funds and their performance.

Performance-Based Fees

Sagard and/or its affiliates entitlement to Performance-Based Fees, which is based on a percentage of net profits, may create an incentive for Sagard to cause one or more of the Advisory Clients to make riskier or more speculative investments or to hold an investment longer than it would otherwise in the absence of such performance-based compensation. In addition, the method of calculating Performance-Based Fees may result in conflicts of interest between Sagard and the Advisory Clients and/or Investors with respect to the management and disposition of investments and the determination of the timing and amount of distributions by a particular Fund.

Valuation of Assets

There is not expected to be an actively traded market for most of the securities and other instruments owned by the Funds. When estimating fair market value, Sagard and/or any person retained by Sagard or an affiliate thereof will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities and other instruments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such securities and other instruments and may differ from the prices at which such securities and other instruments ultimately may be sold. The exercise of discretion in valuation by Sagard and/or any person retained by Sagard or an affiliate thereof may give rise to conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of management fees.

Material Non-Public Information

From time to time, the Sagard and/or its affiliates may come into possession of confidential or material, non-public information concerning specific companies, including as a result of certain employees serving on or observing the boards of directors of portfolio companies. Such information may limit Sagard's flexibility to buy or sell securities issued by such companies. One or more of the Funds' investment flexibility may be constrained as a consequence of the Sagard's inability to use such information for investment purposes, and the Funds may be restricted from initiating a transaction or selling an

investment which, if such information had not been known to it, may have been undertaken. Due to these restrictions, Sagard on behalf of the Funds, may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

General Economic and Market Conditions

General economic and market conditions, such as interest rates, availability of credit, lack of price transparency, inflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, and national and international and environmental and socioeconomic circumstances, may affect a Fund's activities and the value and number of investments made by a Fund or considered for prospective investment. Portfolio companies in which a Fund invests may be sensitive to adverse changes in the overall economy and, in particular, recessionary economic conditions. These circumstances may also create uncertainties in the financial markets that could adversely affect the ability of a Fund to realize on its investments and the values of such investments. Further, certain economic factors specific to a portfolio company may have an adverse effect on a Fund's investment in that company.

Unexpected volatility or illiquidity relating to general economic and market conditions could impair a Fund's profitability or result in losses. Deteriorating market conditions and uncertainty regarding economic markets generally could result in declines in the market values of potential investments or declines in the market values of portfolio investments after they are made by a Fund. Such declines may be exacerbated by other events, such as the failure of significant financial institutions or private markets funds, dislocations in other investment markets or other extrinsic events. In particular, catastrophic events including the global spread of disease or illnesses, such as the outbreak of COVID-19, may cause substantial volatility in the global financial markets. Such volatility could lead to weakened opportunities for a Fund, could require a Fund to dispose of its investments at a loss while such unfavourable market conditions prevail and/or could prevent the Fund from successfully meeting its investment objectives.

Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and a Fund's performance. The impact of market and other economic events may also affect a Fund's ability to obtain funding to support its investment objective. Any of the foregoing events could result in substantial or total losses to a Fund in respect of certain portfolio investments.

Possibility of Fraud or Other Misconduct of Employees and Service Providers

Misconduct by (i) employees of Sagard, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Funds and Sagard and cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Funds, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting the Funds' business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. Sagard and its affiliates have controls and procedures through which it seeks to minimize the risk of such misconduct occurring. However, no assurances can be given that such misconduct will be able to be identified or prevented.

Public Health Risks - Coronavirus (COVID-19)

The outbreak of the novel coronavirus ("COVID-19") globally is impacting global commercial activity and has contributed to significant volatility in financial markets. The global impact of the outbreak has been

rapidly evolving, and many countries have reacted by instituting quarantines and restrictions on travel. Such actions are creating disruption in global demand and supply chains in a wide range of industries. While the longer-term scope of the potential impact of COVID-19 on global markets is not yet clear, the COVID-19 pandemic and any other outbreak of any infectious disease or any other serious public health concern, together with any resulting restrictions on travel or quarantines imposed, could have a negative impact on economic and market conditions and trigger a period of global economic slowdown. Any such economic impact could materially adversely affect the performance of the Fund's investments and on the business, financial condition and results of operations of portfolio companies, particularly those portfolio companies that were already highly leveraged or distressed prior to such economic downturn, and their ability to make principal and interest payments on, or refinance, outstanding debt when due. Failure to meet any such financial obligations could result in the Fund and its portfolio companies being subject to margin calls or being required to repay indebtedness or other financial obligations immediately in whole or in part, together with any attendant costs, and the Fund and its portfolio companies could be forced to sell some of its assets to fund such costs. The extent to which COVID-19, or the spread of another disease, illness or virus, may impact the Fund's results will depend on developments which are highly uncertain and cannot be predicted, including new information which may emerge concerning the severity of the disease, illness or virus and actions taken to contain it and its impacts, among others. Sagard is unable to accurately predict the impact that COVID-19 or any other disease, illness or virus will have on a Fund, due to uncertainties including the ultimate geographic spread of such a disease, illness or virus, the severity of the disease, illness or virus, the duration of the outbreak and actions that may be taken by governmental authorities to contain the disease, illness or virus or to treat its impact. If the outbreak of COVID-19 or any other disease, illness or virus and related developments lead to a prolonged or significant impact on global markets or economic growth, a Fund may be materially and adversely affected.

In the event of any such consequences, a Fund could lose both invested capital in and anticipated profits from the affected investment. As a result, COVID-19 presents material uncertainty and risk with respect to a Fund's overall performance and financial results. In addition, the resulting financial and economic market uncertainty may adversely affect the valuations of investments made by the Fund.

Adequacy and Availability of Insurance

While a Fund may seek to make investments where insurance and other risk management products (to the extent available on commercially reasonable terms) are utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, this may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and such insurance proceeds as may be derived in a timely manner from covered risks may be inadequate to completely or even partially cover a loss of revenues, an increase in operating and maintenance expenses and/or a replacement or rehabilitation. Certain losses of a catastrophic nature, such as those caused by wars, earthquakes, terrorist attacks or other similar events, may be either uninsurable or insurable at such high rates as to adversely impact a Fund's profitability.

Climate Change

The Fund's may acquire investments with respect to portfolio companies that are located in, or have operations in, areas that are subject to climate change. Any portfolio companies located in coastal regions may be affected by any future increases in sea levels or in the frequency or severity of hurricanes and tropical storms, whether such increases are caused by global climate changes or other factors. There may be significant physical effects of climate change that have the potential to have a material effect on the Fund's business and operations. Physical impacts of climate change may include increased storm intensity and severity of weather (e.g., floods or hurricanes), sea level rise, fires, and extreme and

changing temperatures. As a result of these impacts from climate-related events, the Fund may be vulnerable to the following: risks of property damage to the Fund's investments; indirect financial and operational impacts from disruptions to the operations of the Fund's investments from severe weather; increased insurance premiums and deductibles or a decrease in the availability of coverage for investments in areas subject to severe weather; decreased net migration to areas in which investments are located, resulting in lower than expected demand for both investments and the products and services of the Fund's investments; increased insurance claims and liabilities; increase in energy costs impacting operational returns; changes in the availability or quality of water, food or other natural resources on which the Fund's business depends; decreased consumer demand for consumer products or services resulting from physical changes associated with climate change (e.g., warmer temperature or decreasing shoreline could reduce demand for residential and commercial properties previously viewed as desirable); incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and economic distributions arising from the foregoing.

Environmental, Social and Governance Matters

While ESG is only one of the many factors Sagard will consider in making an investment, there is no guarantee that Sagard will successfully implement and make investments in companies that create positive ESG impact while enhancing long-term shareholder value and achieving financial returns. To the extent that Sagard engages with companies on ESG-related practices and potential enhancements thereto, such engagements may not achieve the desired financial and social results, or the market or society may not view any such changes as desirable. Successful engagement efforts on the part of Sagard will depend on Sagard's skill in properly identifying and analyzing material ESG and other factors and their impact-related value, and there can be no assurance that the strategy or techniques employed will be successful. Considering ESG qualities when evaluating an investment may result in the selection or exclusion of certain investments based on Sagard's view of certain ESG-related and other factors, and carries the risk that Sagard may underperform funds that do not take ESG-related factors into account because the market may ultimately have a different view of a particular company's performance than that anticipated by Sagard.

Consideration of ESG factors may affect Sagard's exposure to certain companies, sectors, regions, countries or types of investments, which could negatively impact Sagard's performance depending on whether such investments are in or out of favor. Applying impact investing goals to investment decisions is qualitative and subjective by nature, and there is no guarantee that the criteria utilized by Sagard or any judgment exercised by Sagard will reflect the beliefs or values of any particular investor. In evaluating a company, Sagard is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate or unavailable, which could cause Sagard to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue and are evolving accordingly, and a company's ESG-related practices or Sagard's assessment of such practices may change over time.

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

Brexit

The United Kingdom ceased to be a member of the European Union (the “EU”) on January 31, 2020 (an event commonly referred to as “**Brexit**”). The effect of Brexit is uncertain, and, among other things, Brexit has contributed, and may continue to contribute, to volatility in the prices of securities of companies located in Europe (or elsewhere) and currency exchange rates, including the valuation of the euro and British pound in particular. Any one of these factors, or the combination of more than one of these or other factors, could cause a period of instability and market volatility, and may adversely impact business in the United Kingdom and/or the EU, including with respect to opportunity, pricing, regulation and the tax treatment of any United Kingdom investments. It is not possible to ascertain the precise impact these events may have on the Fund’s or their investments from an economic, financial, tax or regulatory perspective, but any such impact could have consequences for the Fund’s and their investments.

Russian Invasion of Ukraine

On February 21, 2022, Russian President Vladimir Putin ordered the Russian military to invade two regions in eastern Ukraine (the Donetsk People’s Republic and Luhansk People’s Republic regions). The following day, the United States, United Kingdom and European Union announced sanctions against Russia. On February 24, 2022, President Putin commenced a full-scale invasion of Russia’s pre-positioned forces into Ukraine, including Russia’s forces pre-positioned in Belarus. In response, the United States, United Kingdom, and European Union imposed further sanctions designed to target the Russian financial system, and thereafter a number of countries have banned Russian planes from their airspace. The U.S. and allied countries have recently taken steps to prevent certain Russian banks from accessing international payment systems and implemented sanctions on certain Russia exports, including oil and natural gas. Additionally, the U.S. and allied countries have issued sanctions on certain foreign individuals and national leaders who have supported Russia’s invasion of the Ukraine, restricting such persons from particular transactions in the U.S. and allied countries. Further sanctions may be forthcoming. Russia’s invasion of Ukraine, related cyberattacks, the displacement of persons both within Ukraine and to neighboring countries and the increasing international sanctions could have a negative impact on various economies and business activity globally (including in the countries in which the Funds invest), and therefore could adversely affect the performance of the Funds’ investments. Furthermore, given the ongoing and evolving nature of the conflict and its ongoing escalation (such as Russia’s recent decision to place its nuclear forces on high alert and the possibility of significant cyberwarfare against military and civilian targets globally), it is difficult to predict the conflict’s ultimate impact on global economic and market conditions, and, as a result, the situation presents material uncertainty and risk with respect to the Funds and the performance of their investments or operations, and the ability of the Funds to achieve their investment objectives.

LIBOR Reform

To the extent investments bear interest based on the London interbank offered rate (“**LIBOR**”), the Funds will be subject to certain risks. Over the past several years, LIBOR experienced historically high volatility and significant fluctuations. Regulators and law-enforcement agencies from a number of governments, including entities in the United States and the United Kingdom, have been conducting civil and criminal investigations into whether the member banks that contribute to the British Bankers’ Association in connection with the calculation of LIBOR may have been under-reporting or otherwise manipulating or attempting to manipulate LIBOR for their own benefit. There were also allegations that member banks may have manipulated other inter-bank lending rates. If LIBOR or another inter-bank lending rate is manipulated, it may result in that rate being artificially lower (or higher) than it would otherwise have been and, to the extent an investment is made or acquired that bears interest on such rates, it may not appropriately embed a return that is commensurate with its risk exposure. As a result, the U.K. Financial

Conduct Authority (“FCA”), the regulatory body responsible for regulating LIBOR, announced that the publication of LIBOR is not guaranteed beyond 2021. In 2014, the Federal Reserve Board and the New York Fed established the Alternative Reference Rates Committee to lead the transition away from LIBOR to a more robust reference rate, the Secured Overnight Financing Rate (“SOFR”). The transition from LIBOR poses a financial stability risk as well as a risk to the Funds, as a result of the anticipated LIBOR exposure of its investments.

On July 27, 2017, the FCA announced that it would phase out LIBOR as a benchmark by the end of 2021. It is unclear whether new methods of calculating LIBOR will be established such that it continues to exist after 2021. The administrator of LIBOR has announced it will consult on its intention to cease the publication of the one week and two month LIBOR settings immediately following the LIBOR publication on December 31, 2021, and the remaining USD LIBOR settings immediately following the LIBOR publication on June 30, 2023. The U.S. Federal Reserve System (“FRS”), Office of the Comptroller of the Currency, and Federal Deposit Insurance Corporation have issued guidance encouraging market participants to adopt alternatives to LIBOR in new contracts as soon as practicable and no later than December 31, 2021, and the FCA has indicated that market participants should not rely on LIBOR being available after 2021. As an alternative to LIBOR, for example, the FRS, in conjunction with the Alternative Reference Rates Committee, a steering committee comprised of large U.S. financial institutions, is considering replacing U.S.-dollar LIBOR with SOFR. Abandonment of or modifications to LIBOR could have adverse impacts on newly issued financial instruments which reference LIBOR. While some instruments may contemplate a scenario where LIBOR is no longer available by providing for an alternative rate setting methodology, not all instruments may have such provisions and there is significant uncertainty regarding the effectiveness of any such alternative methodologies. Abandonment of or modifications to LIBOR could lead to significant short-term and long-term uncertainty and market instability. If LIBOR ceases to exist, the Funds’ portfolio companies may need to amend or restructure existing LIBOR-based debt instruments and any related hedging arrangements that extend beyond June 30, 2023, depending on the applicable LIBOR tenor and pending the outcome of the LIBOR administrator’s consultation. Such amendments and restructurings may be difficult, costly and time consuming. In addition, the Funds may invest in floating rate loans and investment securities whose interest rates are indexed to LIBOR. Uncertainty as to the nature of alternative reference rates and as to potential changes or other reforms to LIBOR, or any changes announced with respect to such reforms, may result in a sudden or prolonged increase or decrease in the reported LIBOR rates and the value of LIBOR-based loans and securities. It remains uncertain how such changes would be implemented and the effects such changes would have on the Funds, issuers of instruments in which the Funds invest and financial markets generally.

The expected discontinuation of LIBOR could have a significant impact on the Funds. There could be significant operational challenges for the transition away from LIBOR including, but not limited to, amending loan agreements with borrowers on investments that may have not been modified with fallback language and adding effective fallback language to new agreements in the event that LIBOR is discontinued before maturity. Beyond these challenges, it is anticipated that there may be additional risks to the Funds’ current processes and information systems that will need to be identified and evaluated by the Funds. Due to the uncertainty of the replacement for LIBOR, the potential effect of any such event on the Funds’ cost of capital and net investment income cannot yet be determined. In addition, the cessation of LIBOR could: (i) adversely impact the pricing, liquidity, value of, return on and trading for a broad array of financial products, including any LIBOR-linked securities, loans and derivatives that may be included in the Funds’ assets and liabilities; (ii) require extensive changes to documentation that governs or references LIBOR or LIBOR-based products, including, for example, pursuant to time consuming renegotiations of documentation to modify the terms of portfolio investments; (iii) result in inquiries or other actions from regulators in respect of the Funds’ preparation and readiness for the replacement of LIBOR with one or more alternative reference rates; (iv) result in

disputes, litigation or other actions with portfolio companies, or other counterparties, regarding the interpretation and enforceability of provisions in the Funds' LIBOR-based investments, such as fallback language or other related provisions, including, in the case of fallbacks to the alternative reference rates, any economic, legal, operational or other impact resulting from the fundamental differences between LIBOR and the various alternative reference rates; (v) require the transition and/or development of appropriate systems and analytics to effectively transition the Funds' risk management processes from LIBOR-based products to those based on one or more alternative reference rates, which may prove challenging given the limited history of the proposed alternative reference rates; and (vi) cause the Funds to incur additional costs in relation to any of the above factors.

There is no guarantee that a transition from LIBOR to SOFR or an alternative reference rate will not result in financial market disruptions, significant increases in benchmark rates, or borrowing costs to borrowers, any of which could have a material adverse effect on the Funds. In addition, the transition to a successor reference rate could potentially cause (i) increased volatility or illiquidity in markets for instruments that currently rely on LIBOR, (ii) a reduction in the value of certain instruments held by the Funds, or (iii) reduced effectiveness of related Fund transactions, such as hedging. It remains uncertain how such changes would be implemented and the effects such changes would have on the Funds, issuers of instruments in which the Funds invest and financial markets generally.

Custody and Banking Risks

The Funds will maintain funds with one or more banks or other depository institutions ("**banking institutions**"), which may include U.S. and non-U.S. banking institutions, and may enter into credit facilities or have other financial relationships with banking institutions. The distress, impairment or failure of one or more banking institutions with whom the Funds, their portfolio companies, the General Partners and/or Sagard transact may inhibit the ability of the Funds or their portfolio companies to access depository accounts or lines of credit at all or in a timely manner. In such cases, the Funds may be forced to delay or forgo investments or to call capital when it is not desirable to do so, resulting in lower performance for the Funds. In the event of such a failure of a banking institution where the Fund or one or more of its portfolio companies holds depository accounts (including accounts used for depositing principal and interest payments from borrowers on loans owned by the Fund) access to such accounts could be restricted and U.S. Federal Deposit Insurance Corporation ("**FDIC**") protection may not be available for balances in excess of amounts insured by the FDIC (and similar considerations may apply to banking institutions in other jurisdictions not subject to FDIC protection). In such instances, the Funds and their affected portfolio companies may not recover such excess, uninsured amounts and instead, would only have an unsecured claim against the banking institution and participate pro rata with other unsecured creditors in the residual value of the banking institution's assets. The loss of amounts maintained with a banking institution or the inability to access such amounts for a period of time, even if ultimately recovered, could be materially adverse to the Funds or their portfolio companies. One or more investors or a Fund's General Partner could also be similarly affected and unable to fund capital calls, further delaying or deferring new investments. In addition, a Fund's General Partner may not be able to identify all potential solvency or stress concerns with respect to a banking institution or to transfer assets from one bank to another in a timely manner in the event a banking institution comes under stress or fails.

ITEM 9 - DISCIPLINARY INFORMATION

Item 9 is not applicable to Sagard.

ITEM 10 - OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

Sagard has a number of affiliates which operate in the financial industry. Notably, Sagard Holdings Manager (US) LLC ("**Sagard US**") is an alternative asset manager which provides investment advisory services to the SSLP Funds as well as separately managed accounts that primarily seek to make investments in first lien non-sponsored credit opportunities in public and private middle market companies. Sagard US's advisory services include evaluating investment opportunities for its clients, investment monitoring, and advising on investment structures, acquisition, financing, and disposition. Sagard US is registered as an investment adviser with the SEC.

In this section, we have summarized the financial industry activities of subsidiaries of SHMI. Each of the following businesses are operationally independent of Sagard and are not managed or advised by Sagard.

Financial Services, Technology & Growth.

- (i) **PFTA I GP Inc.** PFTA I GP Inc. is a wholly-owned subsidiary of SHMI and the general partner of PFTA I LP, the sponsor of Portage Fintech Acquisition Corp. ("**Portage SPAC**"). Portage SPAC is a blank check company which seeks to partner with leading fintech or financial services businesses and leverage Sagard's collective expertise, ecosystem and capabilities to drive value creation for its partners and shareholders. Portage SPAC is not managed, advised or controlled by Sagard.

European Private Equity. The European Private Equity platform has two distinct business lines:

- (ii) **Sagard Private Equity Europe.** Sagard, Sagard II, Sagard 3 and Sagard 4, are middle market private equity strategies focused on transformational growth projects in French-speaking Europe. These funds are advised by Sagard SAS ("**Sagard Europe**"), a wholly-owned subsidiary of SHMI. These funds invest in market-leading companies where a clear path has been identified to support growth organically or through acquisitions. Sagard Europe is a management company authorized by the Autorité des marchés financiers in France and is exempted from registration with the SEC as an exempt reporting adviser.
- (iii) **Sagard NewGen.** Sagard NewGen is a small cap private equity strategy focused on healthcare, technology, and climate action opportunities in French-speaking Europe. It is advised by a separate investment team under Sagard Europe.

Real Estate.

- (iv) **EverWest.** EverWest Holdings Inc. ("**EverWest**"), a wholly-owned subsidiary of SHMI, provides real estate investment advisory services to private pooled investment vehicles including open-end funds and investment series preferred units, separately managed accounts, joint-ventures, and other investment vehicles. EverWest's advisory services include evaluating investment opportunities for real estate investments and securities related thereto, investment monitoring, and advising on investment structures, acquisition, financing, and disposition. An affiliate of EverWest, EverWest Advisors LLC, is registered as an investment adviser with the SEC.

Venture-Builder.

- (v) **Diagram.** Diagram Ventures is a venture builder that conceives and launches technology companies in the financial services and health industries. SHMI holds a partial interest in the general partners of certain Diagram funds.

Private Wealth.

- (vi) **Grayhawk.** Grayhawk Wealth Holdings Inc. (“**Grayhawk**”), a majority-owned and controlled subsidiary of SHMI, offers investment management services to ultra-high net worth families with a focus on multi-generational wealth preservation. Grayhawk is based in Canada and serves successful Canadian families with custom portfolio management services and unique affinity partnerships. Grayhawk Wealth US Inc, a subsidiary of Grayhawk, is registered as an investment adviser with the SEC and Grayhawk Investment Strategies Inc., another subsidiary of Grayhawk, is registered as an exempt market dealer, portfolio manager and investment fund manager with Canadian securities regulators.

PCC is a shareholder of SHMI and owns a large number of businesses which operate in the investment industry. As a consequence, SHMI has a large number of affiliates. While in certain cases, these businesses have made commitments to the Funds or have separately managed accounts with Sagard, we have opted not to disclose these related persons as we do not conduct shared operations with these related persons, have no referral arrangements with these related persons, do not share supervised premises with the related persons and have no reason to believe that our relationship with the related person creates a conflict of interest with our Advisory Clients. In short, we do not believe that these relationships are material to Sagard’s advisory business.

Neither Sagard nor any of our management persons is registered or has an application pending to register as a broker-dealer or a registered representative of a broker-dealer with the SEC.

Neither Sagard nor any of our management persons is registered or has an application pending to register as a futures commission merchant, commodity pool operator, a commodity trading advisor, or an associated person of the foregoing entities. The General Partners are affiliated entities of, and under common control with, Sagard.

ITEM 11 - CODE OF ETHICS, PARTICIPATION/INTEREST IN CLIENT TRANSACTIONS AND PERSONAL TRADING

A. Code of Ethics and Regulatory Compliance Manual

Pursuant to Rule 204A-1 of the Advisers Act, Sagard has adopted a Regulatory Compliance Manual (the “**Manual**”), including a Code of Ethics (the “**Code of Ethics**”) which provides for guidelines, policies and procedures intended to avoid any appearance of impropriety and remain in full compliance with applicable securities laws and the highest standard of ethics.

The Code of Ethics is based on the underlying principles that employees must:

- adhere to the highest standards with respect to identifying, mitigating and resolving potential conflicts of interest relating to an Advisory Client;
- ensure the propriety of their trading activity;
- not take inappropriate advantage of their position; and
- report any violations of the Code of Ethics or the Manual.

The Manual addresses a number of topics including avoiding conflicts of interest, avoiding the inappropriate use of material, non-public information, pre-clearing certain political contributions, pre-clearing outside business activities and limiting and reporting on gifts and entertainment.

Among other items, the Code of Ethics establishes various procedures with respect to investment transactions in accounts ("**Covered Accounts**") in which any of Sagard's employees have discretionary investment authority or exercise effective influence or control over reportable securities. Covered Account transactions in certain types of securities require pre-approval by the CCO or a duly authorized delegate. Requests to trade in public securities are reviewed against Sagard's restricted lists. Employees must obtain pre-approval from the CCO or a duly authorized delegate before participating in any initial public offerings and in private placement transactions subject to certain exceptions including related to transactions in securities of the Funds and certain affiliates of Sagard.

The Manual is distributed to each employee at the time they are hired and annually thereafter. It is also available to all employees on Sagard's internal shared drive. Sagard supplements the Code of Ethics and the Manual with ongoing employee training and ongoing monitoring of employee activity.

A copy of the Code of Ethics is available to any Investor or prospective Investor upon request.

B. Participation or Interest in Client Transactions

Sagard provides ongoing portfolio management services for its Advisory Clients. Sagard's investment professionals are responsible for monitoring and managing each Advisory Client's investment portfolio in accordance with the particular Advisory Client's investment objectives and limitations and as set forth in Offering Documents or an investment management agreement.

Sagard is subject to restrictions disclosed to Investors in the applicable Offering Documents relating to principal transactions and other affiliated transactions, in which Sagard or its affiliates or employees may have an interest that is adverse to, or in any event potentially not aligned with, the interests of a Fund. The Offering Documents of each Fund generally prohibit affiliated transactions with certain limited exceptions without the prior approval of either the investor advisory committee or the Investors of the applicable Fund.

From time to time, Sagard agrees to give particular Investors, Advisory Clients or third parties the right to participate in co-investment opportunities even where an entire investment could be made by a Fund. In such circumstances, Sagard will have an obligation to make a portion of such investment available to a co-investor (which in certain cases includes other Advisory Clients) in accordance with the Fund's Offering Documents or to an Other Sagard Entity in accordance with Sagard's Investment Allocation Policy. The potential for conflicts of interest to arise in respect of co-investment opportunities is described in greater detail in Item 8 above.

Finally, SHI and/or its affiliates and employees typically invest in each Fund or alongside each Fund as is common in the alternative investment management industry.

C. Conflicts of Interest

Sagard and its related entities engage in a broad range of activities, including investment activities for their own account and for the account of other 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 a Fund will, from time to time, conflict with the interests of Sagard, other Funds or their respective affiliates. Certain of these conflicts of interest, as well a description of how Sagard addresses such conflicts of interest, can be found below.

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 a Fund. Other

conflicts may be disclosed throughout this Brochure and the Brochure should be read in its entirety for other conflicts.

To the extent SMAs are also involved in any activity described below in this Item 11, the applicable conflicts of interest will apply and the references to “Funds” in any such description will be deemed include all Advisory Clients, as the context permits.

Resolution of Conflicts

In resolving conflicts, Sagard considers various factors, including the interests of the Funds with respect to the immediate issue and/or with respect to its longer-term courses of dealing. Certain procedures for resolving specific conflicts of interest are set forth below. When conflicts arise, the following factors generally mitigate, but will not eliminate, conflicts of interest:

- (1) The Funds will not make an investment unless Sagard believes that such investment is an appropriate investment considered from the viewpoint of the Funds;
- (2) An investor advisory committee will typically be established, consisting of representatives of Investors, which meets as required to consult with the Sagard as to certain potential conflicts of interest. On any issue involving actual conflicts of interest, Sagard will be guided by its good faith discretion;
- (3) Where Sagard deems appropriate, certain internal committees or 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
- (4) Sagard has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest.

Other Sagard Funds and Products

It is possible that not every opportunity suitable for a Fund will be allocated to it in whole or in part. Sagard and its affiliates (collectively, “**Sagard Holdings**”) have expanded, and may continue to expand, their investment advisory services and activities beyond the Funds, including through Other Sagard Entities, which could give rise to additional conflicts of interest not specifically described herein or in the Offering Documents. Further, Sagard Holdings plans to continue to invest capital of third parties and its affiliates in a wide variety of investment opportunities (including follow-on investments), which may include one or more investment vehicles or SMAs that have investment strategies or objectives that overlap with the investment strategy or objectives of a Fund. As such, it is expected that some activities of the Other Sagard Entities, or of another Fund, will from time to time compete with a Fund for one or more investment opportunities that are consistent with a Fund’s investment objectives, and in such circumstances, Sagard Holdings will allocate such opportunities (including any related co-investment opportunities) among Funds and such Other Sagard Entities in a manner that is consistent with the Offering Documents and Sagard’s Investment Allocation Policy, as updated from time to time.

There can be no assurance that Sagard Holdings will identify or resolve all such conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is favorable to a given Fund. The potential investments and activities of Funds and Other Sagard Entities may increasingly overlap with potential investments and activities of a Fund, and one Fund or an Other Sagard Entity may invest in the same portfolio companies as a Fund or in a target that could otherwise be suited for a Fund. There can be no assurance that all investment opportunities identified by Sagard Holdings will be available to a Fund.

Under certain circumstances, Sagard may determine not to pursue some or all of an investment opportunity within a Fund's mandate, including without limitation, as a result of business, reputational or other reasons applicable to a Fund, an Other Sagard Entity or Sagard. In addition, Sagard may determine that a Fund should not pursue some or all of an investment opportunity, including, by way of example and without limitation, because a Fund has already invested sufficient capital in the investment, sector, industry, geographic region or markets in question, as determined by Sagard in its good faith discretion, or the investment is not appropriate for a Fund for other reasons as determined by Sagard in its good faith reasonable sole discretion. In any such case Sagard Holdings could, thereafter, offer such opportunity to other parties, including Other Sagard Entities or limited partners of a Fund, joint venture partners, affiliates or third parties. In certain cases, such other parties will not be required to reimburse the Funds for costs and expenses borne by the Funds in connection with evaluating such investment. Accordingly, there can be no assurance that a Fund will ultimately be allocated all opportunities that are consistent with its investment objectives.

Allocation determinations are inherently subjective and give rise to conflicts of interest due to the inherent biases in the process. For example, in allocating an investment opportunity among a Fund and Other Sagard Entities with differing fee, expense and compensation structures, Sagard Holdings has an economic incentive to allocate investment opportunities to a Fund or Other Sagard Entity from which Sagard or its related persons derive, directly or indirectly, higher fees, compensation or other economic benefits. In addition, principal executive officers and other personnel of Sagard Holdings invest in and have in the past and may in the future invest directly in the Funds and Other Sagard Entities, and may therefore participate indirectly in investments made by the Funds and/or the Other Sagard Entities. Principal executive officers and other personnel of Sagard Holdings may also have an ownership interest in other affiliates of Sagard that provide investment advisory services. Such interests will vary and may create an incentive to allocate particularly attractive investment opportunities to the Funds or an Other Sagard Entity in which such personnel hold a greater interest. The existence of these varying circumstances presents conflicts of interest in determining how much, if any, of certain investment opportunities to offer to the Funds. While Sagard determines how to allocate investment opportunities using its best judgment, considering such factors as it deems relevant, but in its sole discretion, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Sagard is subject, discussed herein, did not exist.

With respect to timing for allocation decisions, Sagard makes such determinations at a time it determines to be appropriate. Such allocation decisions are expected to be based on Sagard's underwriting of the investment and the target return ranges for a Fund and any applicable Other Sagard Entity. Such classifications frequently will be subjective in nature and will be based on a variety of assumptions made in good faith by Sagard at the time of its underwriting that may prove inaccurate. Information unavailable to Sagard, or circumstances not foreseen by Sagard at the time of allocation, may cause an investment opportunity to yield a different return than expected. For example, an investment opportunity that Sagard Holdings determines to be consistent with the return objectives of an Other Sagard Entity rather than a Fund may not match Sagard Holdings' expectations and underwriting and generate an actual return that would have been appropriate for a Fund. Conversely, an investment that Sagard expects to be consistent with a Fund's return objectives may fail to achieve them. Accordingly, Sagard will face actual or potential conflicts of interest in making such determinations.

In addition, Sagard Related Persons (as defined below) may serve as members of the investment team and/or the investment committee of both the Funds and one or more Other Sagard Entities, which could result in conflicts of interest relating to the allocation of investment opportunities among the Funds and such Other Sagard Entities, the management of investments and other matters.

In allocating investment opportunities among Funds and Other Sagard Entities, Sagard Holdings first determines which Funds are eligible to participate in an investment opportunity. Sagard Holdings assesses whether an investment opportunity is appropriate for a particular Fund(s) (including those established for the purpose of participating in a “continuation transaction”), or Other Sagard Entities, among Funds and Other Sagard Entities, based on the Fund’s or Other Sagard Entities investment objectives, strategies and structure, which are typically reflected in such Fund’s or Other Sagard Entities Offering Documents. Prior to making any allocation to a Fund or Other Sagard Entity of an investment opportunity, Sagard Holdings determines what additional factors may restrict or limit the offering of an investment opportunity to the Fund or Other Sagard Entity. Possible restrictions include, but are not limited to:

- **Obligation to Offer:** Subject to certain conditions, Sagard Holdings may be required to offer an investment opportunity to one or more Funds or Other Sagard Entities.
- **Related Investments:** Sagard Holdings may offer an investment opportunity related to an investment previously made by a Fund(s) or Other Sagard Entities to such Fund(s) or Other Sagard Entities to the exclusion of, or resulting in a limited offering to, other Funds or Other Sagard Entities.
- **Legal and Regulatory Exclusions:** Sagard Holdings may determine that certain Funds or Other Sagard Entities or Investors in such Funds or Other Sagard Entities 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 Sagard Holdings identifies the Funds that are eligible to participate in a particular investment, and in the event the above considerations are not themselves determinative with respect to the allocation of any opportunity, Sagard Holdings, in its discretion, decides how to allocate such investment opportunity among the identified Funds or Other Sagard Entities. In allocating investment opportunities, Sagard Holdings may consider some or all of a wide range of factors, which include, but are not necessarily limited to, one or more of the following:

- the Funds’ or Other Sagard Entities investment objectives, investment focus, policies, restrictions and guidelines as described in their Offering Documents (including (i) the term; (ii) the investment period; and (iii) the geographic, diversification and concentration restrictions);
- the expected amount of capital required to fund the investment opportunity (including whether the Funds or Other Sagard Entities are able to invest all capital required to consummate a particular investment opportunity) as well as the Funds’ or Other Sagard Entities current and projected available capital (taking into account any reasonably anticipated follow-on investments), borrowing capacity and/or anticipated co-investment (if any);
- the amount of a Fund’s or Other Sagard Entities undrawn capital still available for investment;
- transaction sourcing (and with respect to an investment opportunity originated by a third party, the relationship of a particular Fund or Other Sagard Entity to or with such third party);
- the targeted rate of return and investment holding period of the Funds or Other Sagard Entities;
- the ability of the Funds or Other Sagard Entities to accommodate structural, timing and other aspects of the investment opportunity;
- the appropriate amount of capital to be directed toward the investment opportunity given its characteristics and risk profile;

- the expected time to obtain liquidity for the investment opportunity;
- timing expected necessary to execute an investment;
- the existing portfolio construction of the Funds or Other Sagard Entities and diversification of the relevant Funds or Other Sagard Entities (including the actual, relative or potential exposure of a Fund or Other Sagard Entity to the type of investment opportunity in terms of its existing portfolio);
- the size, liquidity and duration of the investment opportunity;
- stage of development of the prospective portfolio company or other investment opportunity and anticipated holding period of the investment opportunity;
- composition of each Funds' or Other Sagard Entities' portfolio and each Funds' or Other Sagard Entities' investment concentration parameters (including, without limitation, parameters such as geography, industry, issuer, volatility, leverage or other similar risk metrics);
- the suitability as a follow-on investment for a current portfolio company of a Fund or Other Sagard Entity or to upsize an existing investment;
- the use of leverage in the proposed capital structure;
- lender covenants and other limitations;
- the availability of other suitable investments for the Funds or Other Sagard Entities;
- supply or demand of an investment opportunity at a given price level;
- risk considerations;
- cash flow considerations;
- the likelihood of current income;
- the centrality of an investment to the Funds' or Other Sagard Entities' strategy;
- asset class restrictions;
- the seniority of an investment and other capital structuring criteria;
- industry and other allocation targets;
- minimum and maximum investment size requirements;
- tax and accounting implications;
- whether an investment opportunity requires additional consents or authorizations from the Funds or Other Sagard Entities, Investors or third parties;
- whether an investment opportunity would enable a Fund or Other Sagard Entity to qualify for certain programmatic benefits or discounts that are not readily available to other Funds or Other Sagard Entities including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions;

- current and anticipated market conditions;
- potential conflicts of interests which may arise as a result of more than one Fund or Other Sagard Entities pursuing and being invested in the same investment opportunity;
- the economic and legal terms of the investment opportunity;
- where applicable, any restrictions or requirements of the sponsor or lead investor of the investment opportunity;
- any “ramp-up” period of a newly established Fund or Other Sagard Entity;
- the preferred Fund or Other Sagard Entity of the prospective portfolio company;
- any tax, legal, regulatory or other restrictions affecting the relevant Funds or Other Sagard Entities and/or deemed relevant by Sagard Holdings;
- any other factors described in the Allocation Policy of Sagard Holdings;
- any other relevant limitations imposed by or conditions set forth in the Offering Documents of each Fund or Other Sagard Entities; and
- any other factors deemed relevant by Sagard Holdings.

The application of the investment allocation requirements and factors set forth above will often result in allocation on a non-pro rata basis and there can be no assurances that all investment opportunities identified by Sagard Holdings will be presented to a Fund and any member of Sagard Holdings and any affiliate thereof may pursue, for their own account, any investment opportunity which the Funds cannot pursue or which is rejected by the Funds, subject to any restrictions set forth in the Offering Documents of a Fund. Additionally, Sagard Holdings may allocate a portion of any investment opportunity to co-investors. Sagard Holdings makes allocation determinations based solely on Sagard Holdings’ expectations at the time such investments are made and the relevance of the factors noted above will vary from investment opportunity to investment opportunity with no single factor outweighing the others.

Conflicts Related to the Use of Data

In addition, Sagard receives and generates various kinds of portfolio company data and other information, including related to or created in connection with financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, ESG and other metrics, financial information, commercial and transactional information, user data, cost data and related data or information, some of which is sometimes referred to as “big data.” This information may, in certain instances, include confidential and/or sensitive information received or generated in connection with efforts on behalf of the Funds’ investment (or prospective investment) in a portfolio company. As a result, Sagard is better able to anticipate macroeconomic and other trends, financial opportunities, enhance and improve operations of portfolio companies and otherwise develop investment strategies or identify specific investment or business opportunities. Sagard also intends to utilize such data for purposes of identifying new investments opportunities for the Funds. Information from a portfolio company owned by a Fund may enable Sagard to better understand a particular industry and develop and execute investment strategies in reliance on that understanding for Sagard and Other Sagard Entities that do not own an interest in such portfolio company, without compensation or benefit to such Fund or its portfolio companies. Further, data is expected to be aggregated across the Funds and their respective portfolio companies and, in connection therewith, Sagard is expected to serve as the repository for such data,

including with ownership, use and distribution rights therein. Sagard may also share data from a portfolio company of one Fund with a portfolio entity of an other Fund, which may increase a competitive disadvantage for, and indirectly harm, such portfolio company. Portfolio companies may incur incremental expenses in collecting and organizing information requested or required to be furnished to Sagard (which expenses are indirectly borne by the Funds). Sagard has in the past and is likely in the future to enter into information sharing and confidentiality arrangements with portfolio companies and other sources of information that may limit the internal distribution and use of such data. Sagard has and is likely in the future in certain instances to use this information in a manner that may provide a material benefit to Sagard, its affiliates, or to certain Other Sagard Entities without compensating or otherwise benefitting the Fund from which such information was obtained. In addition, Sagard may have an incentive to pursue investments based on the data and information expected to be received or generated. Furthermore, except for (a) contractual obligations to third parties to maintain confidentiality of certain information or otherwise limit the scope and purpose of its use or distribution, (b) policies, practices and procedures designed to ensure confidentiality of trade secrets and (c) compliance with applicable data privacy laws, laws prohibiting insider trading, anti-competition laws and laws protecting national security interests, Sagard is generally free to use data and information from a Fund's activities in its sole discretion for the benefit of Sagard, its affiliates and Other Sagard Entities. The sharing and use of "big data" and other information present potential conflicts of interest and any benefits received by Sagard or its personnel will not be subject to management fee offset provisions of a Fund's Offering Documents or otherwise shared with a Fund or its Investors. Sagard has in the past and is likely in the future to utilize such information to benefit Sagard, its affiliates and/or certain Other Sagard Entities.

Sagard and its affiliates may also enter into formal or informal arrangements with portfolio investments to facilitate the sharing of data and/or data analytics. Subject to applicable legal, regulatory and contractual requirements, these information sharing arrangements are designed to allow Sagard, the Funds and the Funds' portfolio companies to better discern economic or other trends and developments. Sagard believes that the Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across Sagard's businesses and the Funds' portfolio companies. However, information sharing may involve conflicts of interest between the Funds and Other Sagard Entities and/or between the Funds and Sagard. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by Sagard and its affiliates, without the source of the data being directly compensated. Sagard and its affiliates may utilize such data outside of Fund activities in a manner that may provide a material benefit to Sagard, without directly compensating or otherwise benefitting the Funds. As a result, Sagard may have an incentive to pursue investments (on its own behalf or on behalf of the Funds) based on the data that may be accessible as a result of owning such investments, and/or to utilize such data in a manner that benefits Sagard and/or investments held by other Funds.

If Sagard determines it to be in the best interests of the Funds, the Funds and an Other Sagard Entity may enter into borrowing arrangements that require the Funds to be jointly and severally liable for the obligations of such borrowing arrangements. If an Other Sagard Entity defaults on such arrangement, the Funds may be held responsible for the defaulted amount.

Conflicts Related to Purchases and Sales

Investment opportunities are from time to time appropriate for more than one Fund and/or Other Sagard Entity at the same, different or overlapping levels of a portfolio company's capital structure. For example, it is possible that (i) an Other Sagard Entity may hold equity securities while a Fund may hold debt instruments of the same portfolio company or (ii) a Fund may hold a certain class of debt instruments while an Other Sagard Entity holds a different class of debt instruments of the same portfolio company, or for example, from time to time a fund advised by Diagram will invest in an issuer and a Fund will later

invest in such issuer at a later stage of financing for such issuer. Conflicts arise in determining the terms of investments, particularly where a Fund and Other Sagard Entities may invest in different types of securities in a single portfolio company. For example, conflicts could arise between a Fund and the Other Sagard Entities in negotiating the price of debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders and the other terms and conditions of investment or in addressing subsequent amendments or waivers. Questions could also arise as to whether payment obligations and covenants should be enforced, modified or waived, whether payments should be accelerated, 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, the terms of any work-out or restructuring or other concessions that may be given in such a situation raise conflicts of interest, and Sagard may be incentivized to choose a course of action that benefits one Fund or Other Sagard Entity to the detriment of another Fund. For example, if additional financing is necessary as a result of financial or other difficulties, it may not be in the best interests of a Fund to provide such additional financing. If such Other Sagard Entity has the potential to incur a loss on its investment as a result of such difficulties, Sagard Holdings' ability to recommend actions in the best interests of such Fund might be impaired. A Fund could also be more senior or more junior to such Other Sagard Entity in the capital structure of the portfolio company, which could mean that in a workout or other distressed scenario such Fund may be adverse to such Other Sagard Entity and might recover all, part or none of its investment while such Other Sagard Entity recovers more or less.

Certain Funds and/or Other Sagard Entities may invest in companies in which other Funds and/or Other Sagard Entities hold an investment, including equity securities. Equity holders and debt holders have different (and often competing) motives, incentives, liquidity goals and other interests with respect to a portfolio company. In the event that such investments are made by a Fund and an Other Sagard Entity, the interests of such Fund will at times conflict with the interest of such Other Sagard Entity, particularly in circumstances where the underlying company is facing financial distress. For example, there can be conflicts as the Fund or Other Sagard Entities may desire optimal flexibility to grow the portfolio company, while the Fund or Other Sagard Entity holding debt securities and the other debt investors may want to place tighter restrictions on the type and the amounts of permitted investments and acquisitions. In such instances, it may be in the best interest of the Fund or Other Sagard Entity holding debt securities to declare a default, accelerate a loan or take other protective actions, while such actions would harm another Fund's or Other Sagard Entity's equity investment in the portfolio company. Further, because of the different legal rights associated with debt and equity investments, Sagard may face a conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of, the Funds versus the relevant Other Sagard Entity. The involvement of such Funds or Other Sagard Entities at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, Funds or Other Sagard Entities 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.

In the event that one Fund or Other Sagard Entity has a controlling or significantly influential position in a portfolio company, it will have the ability to elect some or all of the board of directors of such a portfolio company, thereby controlling the policies and operations, including the appointment of management, future issuances of securities, payment of dividends, incurrence of debt and entering into extraordinary transactions. In addition, a controlling Fund or Other Sagard Entity is likely to have the ability to determine, or influence, the outcome of operational matters and to cause, or prevent, a change in control of such a company. Such management and operational decisions may, at times, be in direct conflict with other Funds and/or Other Sagard Entity that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

If additional capital is necessary as a result of financial or other difficulties of a portfolio company, or to finance growth or other opportunities, the Funds and/or Other Sagard Entities may or may not provide such additional capital, and, if provided, each Fund and/or Other Sagard Entity will supply such additional capital in such amounts, if any, as determined by Sagard. In the event one Fund and/or Other Sagard Entity is unable to fund its share of additional capital (e.g., in the event such Fund and/or Other Sagard Entity does not have sufficient available capital), the other Fund and/or Other Sagard Entity may be obligated to fund more than its share of such amount. In such event, one Fund and/or Other Sagard Entity will gain greater exposure to such investment than may have been intended and the other Fund and/or Other Sagard Entity will be diluted in such investment. The returns of each Fund may be negatively impacted as a result of the foregoing. Investments by more than one Fund or Other Sagard Entity in a portfolio company also raises the risk of using assets of a Fund to support positions taken by other Funds or Other Sagard Entities, or that a Fund may remain passive in a situation in which it is entitled to vote.

There may be differences in timing of entry into, or exit from, a portfolio company for reasons such as differences in strategy, existing portfolio or liquidity needs. In addition, where more than one Fund or Other Sagard Entity invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time or on the same terms. For example, because Sagard has an incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) or because one Fund's term may expire before the end of another Fund's term, such Funds may dispose of the investment at different times. Investments disposed of at different times will likely be disposed of at different valuations and, as a result, each Fund may realize different returns as compared to the same investment held by another Fund and/or Other Sagard Entity. These variations in timing may be detrimental to a Fund. At the same time, if Sagard determines it is advisable for a Fund to exit an investment at the same time as another Fund and/or Other Sagard Entity, the term of which may expire sooner than the former Fund's, such Fund may dispose of its interest earlier than it ordinarily would have and may, as a result, experience lower returns than it otherwise may have earned on such investments. In addition, Investors may receive different consideration (for instance, Investors in one Fund may receive cash whereas Investors in another Fund and/or Other Sagard Entity may be provided the opportunity to receive distributions in-kind) which may impact the realized return ultimately received by each Fund.

Finally, in certain circumstances, if more than one Fund and/or Other Sagard Entity is participating in an investment, one Fund and/or Other Sagard Entity may bear more than its pro rata share of expenses relating to such investment if the other Fund or Funds and/or Other Sagard Entity does not have the resources to bear such expenses (including, for instance, as a result of insufficient reserves and/or the inability to call capital to cover such expenses).

In such circumstances described above, Sagard could take steps to reduce the potential conflicts of interest between the various Funds and/or Other Sagard Entities, including causing a Fund to take certain actions that, in the absence of such conflict, it would not take (e.g., a Fund may divest itself of an asset it otherwise may have retained, Sagard may establish information barriers, certain matters may be referred to an advisory committee or a third-party, or a Fund may only invest in securities that seeks to align the interests with other investing Funds and/or Other Sagard Entities). Any such steps could have the effect of benefiting one Fund, Other Sagard Entity or Sagard at the expense of another Fund.

The application of a Fund's Offering Documents and Sagard's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Funds in different classes of an issuer's capital structure (as well as across multiple issuers or borrowers within the same overall capital structure) and, as such, there may be a degree of variation and potential inconsistencies, in the manner in which potential or actual conflicts are addressed.

From time-to-time Sagard enters into transactions with Investors in one or more Funds or Other Sagard Entities, prospective Investors in a Fund or Other Sagard Entity, co-investors, Sagard personnel or other third parties to dispose of, or “sell down,” all or a portion of certain investments held by one or more Funds. In exercising its discretion to select the purchaser(s) of such investments, Sagard will comply with the requirements set forth in the Offering Documents of the applicable Fund(s), or to the extent not addressed in the Offering Documents of the applicable Fund(s), Sagard may consider some or all of the factors listed above under “Co-Investments” in Item 8. The sales price for such transactions will be mutually agreed to by Sagard and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by Sagard, and Sagard is not obligated to solicit competitive bids for such sales transaction or to seek the highest available price, which means Sagard may not obtain the highest price for the transaction. Furthermore, subject to the Offering Documents, Sagard may charge (or may decide not to charge) a purchasing party interest costs for the time period between the closing of the applicable Fund’s investment in a portfolio company to the date of the transfer of interests in such portfolio company to the applicable purchasing party. 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 applicable Fund.

The Funds will, from time to time, enter into equity commitment arrangements whereby, subject to any applicable documentation, a Fund agrees that upon the closing of a transaction with respect to a potential portfolio company, it will purchase equity securities in a transaction. Furthermore, in certain instances the Funds will also enter into (a) limited guarantee arrangements whereby, subject to any applicable documentation, a Fund agrees that if a transaction with respect to a potential portfolio company is not consummated, it will pay a percentage of the total value of the transaction as a “reverse termination fee” to the seller entity and (b) full guarantee arrangements where a Fund agrees to close a transaction even if the debt financing for such transaction is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to the Fund are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds’ Offering Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or guarantees and, in any event, are not obligated to pay their proportionate share of any reverse termination fee. Therefore, in the unlikely event that a co-investment vehicle defaults on an arrangement with the Fund to pay its proportionate share of the equity purchase price (if any) or such an arrangement does not exist, the Fund would be held responsible for the entire equity purchase price or other applicable obligations.

Cross Transactions

In certain cases, Sagard will, from time to time cause a Fund to purchase investments from another Fund or an Other Sagard Entity, or it will cause the Funds to sell investments to another Fund or an Other Sagard Entity. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, the Funds may not receive the best price otherwise possible, or Sagard might have an incentive to improve the performance of another Fund or Other Sagard Entity by selling underperforming assets to the Funds in order, for example, to earn fees. Additionally, in connection with such transactions, Sagard, its affiliates and/or their professionals (i) will, from time to time, have significant investments, or intentions to invest, in the Fund or Other Sagard Entity 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). Sagard and its affiliates generally receive management or other fees in connection with their management of the Funds and Other Sagard Entities involved in the transaction, and generally are entitled to share in the investment profits of the relevant Funds and Other Sagard Entities.

Depending on the transaction structure, these transactions may disproportionately benefit the purchasing, selling, or merging Fund or Other Sagard Entity (or Sagard as a result of its interests in a particular Fund or Other Sagard Entity), and one Fund may incur expenses or forego gains that would have been obtained had it not entered into such transaction. For example, Sagard may be incentivized to support a less successful portfolio company of an older Fund or Other Sagard Entity by causing a newer Fund or Other Sagard Entity with a longer remaining term and investment period to purchase a part or all of such portfolio company in order to provide Sagard additional time to potentially manage it to a successful exit and increase the likelihood of Sagard or an affiliate receiving carried interest. Conversely, Sagard may be incentivized to sell an attractive investment in an older Fund and/or Other Sagard Entity to a newer Fund and/or Other Sagard Entity to increase the amount of fees received by Sagard or an affiliate with respect to such an investment. Determining the valuation or other terms of such transactions may also create a conflict of interest due to Sagard's consideration of the particular terms (including the fee terms) of the Funds and the Other Sagard Entities and Sagard's interest in such Funds and Other Sagard Entities. Such acquisition or merger may result in the acquiring entity purchasing a Fund's portfolio company at a valuation that is: (a) not the highest price than could have been obtained in the market had there been a robust sales process with multiple third-party bidders or (b) higher than the value of the company resulting in an overvaluation.

Under certain circumstances, Sagard may wish to reduce the investment of one or more Funds and/or Other Sagard Entities in an investment and increase the investment of other Fund(s) and/or Other Sagard Entities in such investment, and may, therefore, effect such transactions by directing the transfer of such investment between such Funds and/or Other Sagard Entities or through any other transaction structure (for example, distribution of portfolio company interests from one Fund and/or Other Sagard Entity and contribution of such interests to another Fund and/or Other Sagard Entity). Any costs and expenses associated with any such transaction will be borne by such Funds and/or Other Sagard Entities in accordance with such Funds' and/or Other Sagard Entities' Offering Documents and to the extent not addressed in the applicable Offering Documents, on an allocation that Sagard deems in good faith to be fair and reasonable.

There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to each Fund or portfolio company nor is there any assurance that such transaction will be equally or similarly profitable or advantageous to each participating Fund.

Continuation Transactions

From time to time Sagard may determine that it is in the best interest of a Fund holding the investment (the **"selling Fund"**) to transact with another Fund (the **"purchasing Fund"**) in order to provide the selling Fund's Investors with an option to either: (1) receive cash proceeds from the selling Fund's sale or transfer of such portfolio company and/or (2) "roll" (i.e., retain) their interest in such portfolio company. These types of transactions are often referred to as "continuation transactions" In connection with such continuation transactions, Sagard may require the Investors in the purchasing Fund to make an additional investment in a Fund or commit to invest in a future Fund. In addition to those conflicts of interest described above under *"Cross Transactions"*, conflicts of interest arise in these continuation transactions because (i) Sagard and its affiliates are charging Investors in the purchasing Fund a management fee and Performance-Based Fees (which economics are likely to be different than the selling Fund) and the transactions have the potential to result in the receipt of additional management fees and Performance-Based Fees by Sagard and its affiliates; (ii) Sagard and Sagard personnel are expected to have the ability to make material investments in the purchasing Fund, which may cause them to take actions that benefit the purchasing Fund; (iii) Sagard is actively involved in negotiating the terms of the sale on behalf of the selling Fund, on the one hand, and the purchasing Fund, on the other hand (including allocation of expenses incurred in the transaction); and/or (iv) of the requirement for an Investor in the purchasing

Fund to make an investment in a Fund or a commitment to invest in a future Fund, which (a) incentivizes Sagard to favor such Investors because of the potential for Sagard and its affiliates to earn additional management fees with respect to any such investment or commitment to invest, and (b) could affect the price such Investors offer to purchase the asset from the selling Fund. Additionally, conflicts of interest arise in continuation transactions as a result of the allocation of fees and expenses, because fees and expenses will be incurred in connection with the transaction, and Sagard might determine to allocate bankers' fees and certain other fees and expenses solely to selling Investors and not to the "rolling Investors" or "new Investors" in the purchasing Fund or vice versa.

To the extent not addressed in a Fund's Offering Documents, Sagard will address conflicts of interest that arise in connection with continuation transactions as set forth above under "*Cross Transactions*."

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 Sagard's management of the Funds, Sagard and its affiliates may engage in principal transactions. Sagard 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 Funds regarding any proposed principal transactions and that any required prior consent to the transaction be received.

Follow-on Investments

Investments to finance follow-on acquisitions may present conflicts of interest, including the allocation of the investment opportunities in the case of follow-on acquisitions by the Funds in a portfolio company in which an Other Sagard Entity has previously invested. In addition, the Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which an Other Sagard Entity has already invested or will invest. Conflicts of interest arise, including determinations of whether existing Investors are being cashed out at a price that is higher or lower than market value and whether new Investors are paying too high or too low a price for the investment and/or making the investment under terms that are more or less favorable than the prevailing market terms.

Furthermore, a conflict of interest also arises because a Fund that participates in a follow-on investment in a portfolio company held by another Fund will benefit from the initial evaluation, investigation and due diligence undertaken by Sagard on behalf of the original Fund and from operational or other information about such portfolio company acquired from the original Fund's ownership of interests in the portfolio company. In such circumstances, such benefitting Fund or Funds will not be required to reimburse the original Fund for expenses incurred in connection with researching such investment. An investment by a Fund in a portfolio company in which another Fund invests at a later stage may be made at a higher or lower valuation than the investment in such portfolio company by such other Fund and an investment by one or more other Funds in any such portfolio company may dilute the original Fund's interest in such portfolio company.

Portfolio Company Fees

The payment of Portfolio Company Fees and reimbursements by portfolio companies and prospective portfolio companies will, in some, but not all, circumstances create a conflict of interest between Sagard

and its affiliates, and the Funds and its Investors. Portfolio Company Fees are described in greater detail in Item 5 above.

Performance-Based Fees

Because the management fee is payable through liquidation of a Fund and there is a fixed investment period after which capital from Investors will only be drawn down in limited circumstances and because management fees for certain Funds are based upon capital invested by a Fund, this fee structure creates an incentive for Sagard to defer the realization of investments and/or deploy capital when it would not otherwise have done so.

Sagard's or an affiliate's entitlement to Performance-Based Fees, which is based on a percentage of net profits, may create an incentive for Sagard to cause the Funds to make riskier or more speculative investments or to hold an investment longer than it would otherwise in the absence of such performance-based compensation being payable to it or an affiliate. Sagard or an affiliate may also have a clawback obligation, which may create an incentive for Sagard to defer disposition of one or more investments or delay the liquidation of the Funds if the disposition and/or liquidation would result in a realized loss to the Funds or would otherwise result in a clawback situation for Sagard or its affiliate. In addition, Sagard is incentivized to hold on to investments that have poor prospective for improvement in order to receive ongoing management fees in the interim and, potentially, a more likely or larger Performance-Based Fee distribution if such asset's value appreciates in the future. This incentive is increased by the presence of the clawback obligation of Sagard or its affiliate. In addition, the method of calculating the Performance-Based Fee distributions may result in conflicts of interest between Sagard, its affiliates and Investors with respect to the management and disposition of investments and the determination of the timing and amount of distributions by the Funds.

Affiliated Subscriber Discounts

Certain Investors in the Funds that are employees, advisors, business associates, Other Sagard Entities or their affiliates or personnel (including any related entity established by any of the foregoing, such as trusts, charitable programs, endowments or related programs, family investment vehicles and other estate planning vehicles) (collectively, "**Affiliated Subscribers**") will not typically pay management fees or Performance-Based Fees or may pay reduced management fees and/or Performance-Based Fees in connection with their investment in a Fund. Affiliated Subscribers may also receive information regarding investments at different times than other Investors. Furthermore, Sagard has in the past and may, from time to time, in the future establish certain investment vehicles through which Affiliated Subscribers or other third parties may invest alongside one or more Funds in one or more investment opportunities, which generally do not pay management fees or Performance-Based Fees or which pay reduced management fees and/or Performance-Based Fees. Notwithstanding that Affiliated Subscribers will generally not pay management fees, Affiliated Subscribers will generally pay for their pro rata share of certain Fund expenses, or the pro rata portion of such Affiliated Subscribers' Fund expenses will be allocated to Sagard or the General Partner of the applicable Fund. Additionally, an Aggregator Fund may also be formed, or an existing Aggregator Fund may be used, to facilitate participation in a Fund by an Affiliated Subscriber.

Allocation of Expenses

Sagard and its affiliates from time to time incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of an Advisory Client and one or more Other Sagard Entities. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are incurred for the account or for the benefit of an Advisory Client and one or more

Other Sagard Entities, the Advisory Client and such Other Sagard Entity will typically bear an allocable portion of any such fees, costs, and expenses in proportion to the size of the investment made or proposed to be made by each Advisory Client in respect of the entity to which the expense relates or in such other manner as Sagard considers fair and equitable. Although Sagard and its affiliates will endeavor to allocate such fees, costs and expenses on a fair and equitable basis, there can be no assurance that such fees, costs and expenses will in all cases be allocated appropriately. Sagard will make any corrective allocations and take any mitigating steps if it determines in its sole discretion that such corrections are necessary or advisable. Notwithstanding the foregoing, the portion of an expense allocated to the Funds for a particular service may not reflect the relative benefit derived by the Funds from that service in any particular instance. Any such determinations may involve inherent matters of discretion and conflicts of interest. Notwithstanding the foregoing, Sagard and its affiliates may in the future develop policies and procedures to address the allocation of expenses that differ from its current practice.

In certain cases, a co-investment vehicle, or other similar vehicle established to facilitate the investment by investors to invest alongside the Funds may be formed in connection with the consummation of a transaction. In the event a co-investment vehicle is created to invest alongside a Fund, where permitted by the Offering Documents of a Fund, Sagard may, in its good faith reasonable sole discretion, allocate certain expenses (including those related to its organization and formation and other expenses incurred solely for the benefit of the co-investment vehicle, as well as expenses incurred in connection with making and holding an investment) to the Fund with which the co-investment vehicle is making an investment alongside and not to the investors in such co-investment vehicle. In addition, the Fund will also generally bear all of the expenses incurred in connection with the making of an investment (and not by the investors in such co-investment vehicle).

Unless Sagard determines otherwise in its sole discretion or subject to negotiations with a particular co-investor, in general neither co-investment vehicles nor co-investors will bear any Broken Deal Expenses, even if a co-investment vehicle has been formed for the purpose of investing in the proposed transaction or if co-investors have otherwise committed to invest in the proposed transactions. As a result, Broken Deal Expenses are generally borne by the Fund or Funds selected by Sagard as proposed investors for such proposed transaction which will result in the Fund bearing more than its pro rata share of Broken Deal Expenses. Similarly, co-investment vehicles (and co-investors) are not typically allocated any share of break-up fees received in connection with such an unconsummated transaction.

Broken Deal Expenses may include, among other things, legal, accounting advisory, consulting or other third-party expenses, any travel and travel-related expenses (including amounts payable to service providers and other third parties), all fees, costs and expenses of lenders, investment banks and other financing sources in connection with arranging financing for a proposed investment (including commitment fees), any break-up fees, reverse termination fees, topping, termination or other similar fees, costs of negotiating co-investment documentation (including non-disclosure agreements with counterparties), the costs from onboarding (i.e., KYC) investment entities with a financial institution, expenses incurred in connection with any tax audit, investigation, settlement or review of the Funds, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property which are forfeited in connection with a proposed investment that is not consummated.

Any fees and expenses incurred in connection with the organization of a co-investment vehicle (including fees and expenses related to negotiating the governing documents of such co-investment vehicle as well as fees and expenses described above) that is expected to invest alongside the Funds in an investment are expected to be borne by the Funds to the extent such co-investment vehicle does not ultimately make such investment, whether or not such investment is consummated by the Funds.

From time to time, certain Funds will incur certain ongoing expenses that benefit a co-investment vehicle or co-investor (for instance, insurance premiums). In such instances, these ongoing expenses will be borne solely by the applicable Fund or Funds and will not be borne by any benefiting co-investment vehicle or co-investor.

Research Costs for Investments

There may be circumstances when Sagard and its affiliates consider a portfolio investment on behalf of the Funds and determine not to make such portfolio investment; however, one or more Other Sagard Entities may make such investment. In these circumstances, such Other Sagard Entities may benefit from research undertaken by the original investment team and/or from costs borne by the Funds in pursuing the potential investment, but such Other Sagard Entity will not be required to reimburse the Fund for expenses in connection with such research.

Conflicts Relating to Sagard

Sagard will compete against, or engage in business with (i.e., through co-investments and joint ventures) another investment adviser with which Sagard, its affiliates, and partners, officers, principals, employees and related persons of Sagard and its affiliates (the **"Sagard Related Persons"**) has a relationship or from which Sagard or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that Sagard makes with respect to the Funds.

Sagard Related Persons may buy or sell securities or other instruments that Sagard has recommended to the Funds. The Sagard Related Persons may also buy securities in transactions offered to but rejected by the Funds. A conflict of interest may arise because such investing personnel will, for some investments, benefit from the evaluation, investigation, and due diligence undertaken by Sagard on behalf of the Funds. In such circumstances, the investing personnel may not share in or reimburse the Funds and/or Sagard for any expenses incurred in connection with the investment opportunity. If Sagard Related Persons have made large capital investments in or alongside the Funds they will have conflicting interests with respect to these investments. While the significant interests of the officers and employees of Sagard generally align the interest of such persons with the Funds, such persons may have differing interests from the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity).

Sagard Related Persons have made and may make capital investments in or alongside the Funds, or in companies in which a Fund has already invested, and therefore have additional conflicting interests in connection with these investments. In addition, the Funds may invest in securities of companies in which Sagard Related Persons have previously invested for their own accounts. To the extent such Sagard Related Persons owe a fiduciary duty to a Fund, they may experience a conflict of interest as they may have differing interests from the Funds with respect to such investments (for example, with respect to the availability and timing of liquidity).

In addition, Sagard Related Persons may serve as members of the investment team and/or the investment committee of both a Fund and one or more other Funds or Other Sagard Entities, which could result in conflicts of interest relating to the allocation of investment opportunities among a Fund and such other Funds and Other Sagard Entities, the management of investments and other matters.

By reason of their responsibilities in connection with other activities of Sagard, certain personnel of Sagard may acquire confidential or material non-public information or be restricted from initiating transactions in certain securities. The Funds will not be free to act upon any such information. Due to these restrictions, the Funds may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell an investment that it otherwise might have sold.

In addition, officers and employees may also buy securities in other investment vehicles (including private equity funds, venture capital funds, hedge funds, real estate funds and other similar investment vehicles) which may include potential competitors of the Funds (including investments for purposes of sourcing future investment opportunities). The investment policies, fee arrangements and other circumstances of these investments may vary from those of the Funds. In the event such officers and employees make an investment with the intent to source future investments for the Funds, there is a greater likelihood that the Funds will make investments in the same portfolio companies in which such officers and employees hold an interest as described above.

The transactions described above are subject to the policies and procedures set forth in Sagard's Code of Ethics and Investors will not benefit from any such investments.

Personnel of Sagard have family members that are actively involved in industries and sectors in which the Funds invest or have business, personal, financial or other relationships with companies in such industries and sectors (including service providers described below) or other industries, which gives rise to conflicts of interest. For example, such family members might be officers, directors, personnel or owners of companies which are actual or potential investments of the Funds or other counterparties of the Funds and the portfolio companies. Moreover, in certain instances, the Funds or the portfolio companies may purchase or sell companies or assets from or to, or otherwise transact with companies that are owned by such family members or in respect of which such family members have other involvement. The fees for services provided by such service providers may or may not be at the same rate charged by other third-party service providers and Sagard is not required to select service providers who may have lower rates (or to engage in any benchmarking of such fees). In most such circumstances, the Fund's Offering Documents will not preclude the Funds from undertaking any of these investment activities or transactions.

From time to time, personnel of Sagard may invest in funds or other entities managed by limited partners of a Fund, which could incentivize such personnel of Sagard to afford the limited partner preferential or favored treatment, such as, for example, increased access to co-investment opportunities, and could create conflicts of interest to the extent such other funds compete with a Fund for investment opportunities or invest in competing portfolio companies.

Investor Advisory Committee

Sagard may appoint investor representatives to the investor advisory committee, which has the ability to review and waive compliance with certain provisions of the Offering Documents and whose approval is required or may be requested in certain circumstances under the Offering Documents, including in situations involving potential conflicts of interest. For the investor advisory committees of certain Funds, the investor representatives may include representatives of affiliates of Sagard. All Investors are bound by the determinations of the investor advisory committee, regardless of whether an Investor is represented by a member of the investor advisory committee. The Offering Documents provide that neither the members of the investor advisory committee nor the Investors on behalf of whom such members act as representatives will owe any duties (fiduciary or otherwise) to the Funds or any Investor other than a duty to act in good faith in carrying out the duties and responsibilities assigned to the investor advisory committee. A conflict of interest may exist because some, but not all Investors are permitted to designate a member to the investor advisory committee. The investor advisory committee may also have the ability to approve conflicts of interests with respect to Sagard and a Fund, which could be disadvantageous to the Investors, including those Investors who do not designate a member to the investor advisory committee. Members of the investor advisory committee may have conflicts of interest that do not disqualify such members from voting or consenting to matters submitted to the investor advisory committee for consideration or review. Members of the investor advisory committee may have

various business and other relationships with Other Sagard Entities. These relationships may influence their decisions as members of the investor advisory committee. To the extent that an Investor is not represented by a member of the investor advisory committee, such Investor will have no influence over matters submitted to the investor advisory committee for review or approval.

Conflicting Investor Interests

Investors may have conflicting investment, tax and other interests with respect to their investments in the Funds, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. In addition, Investors may include both taxable and tax-exempt persons resident in different jurisdictions. As a consequence, conflicts may arise in connection with decisions made by Sagard regarding an investment that may be more beneficial to one Investor than another, especially with respect to an Investor's tax situation. In selecting, structuring, acquiring and disposing of investments, Sagard generally will consider the investment, tax and other relevant objectives of the Funds and its Investors as a whole, not the investment, tax, or other objectives of any Investor individually.

Secondary Transfers of Fund Interests

To the extent that Sagard and/or the General Partners have discretion to consent to a transfer of an interest in the Funds pursuant to the Offering Documents, and subject to any restrictions therein, Sagard and/or the General Partners may identify one or more persons (including investors in one or more Other Sagard Entities or persons that are not investors, but may in the future invest in one or more Other Sagard Entities) to potentially acquire such interest, and may take into consideration a variety of factors as it deems necessary in exercising its discretion with respect to such transfer.

Business with and Among Portfolio Companies, Investors and Prospective Investors

Given the collaborative nature of Sagard's business and the portfolio companies in which the Funds and Other Sagard Entities invest, there may be situations where Sagard is in the position of recommending the services of a portfolio company to a portfolio company of another Funds or Other Sagard Entity, which may involve fees, commissions, servicing payments and/or discounts to Sagard, an affiliate, or a portfolio company. Sagard will generally have a conflict of interest in making such recommendations, in that Sagard has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for the Funds and the Other Sagard Entities, while the products or services recommended may not necessarily be the best available to the portfolio companies held by the Funds. The benefits received by a portfolio company providing a service may be greater than those received by the Funds and its portfolio companies receiving the service.

Sagard generally has an incentive to recommend the products or services of certain Investors or prospective Investors in the Funds or Other Sagard Entities, certain entities that are not Investors in the Funds, or their related businesses to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

Portfolio companies controlled by the Funds have in the past, and may, from time to time in the future provide services to certain Investors. Sagard has 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 for the Funds.

In certain instances, a portfolio company of a Fund may compete with, be a customer of, or be a service provider to, an Other Sagard Entity's portfolio company. In providing advice to a portfolio company in respect of its business, Sagard may consider the interests of one portfolio company or an Other Sagard

Entity and is not obligated to, and need not, take into consideration the interests of a Fund or the portfolio company. As a result, a conflict of interest may arise in these instances because Sagard may provide advice which favours an Other Sagard Entity's interest. In addition, in certain instances, Sagard may provide advice and recommendations to a portfolio company of an Other Sagard Entity which competes with a portfolio company of a Fund, and such advice may have adverse consequences to the portfolio company of the Fund. For instance, a portfolio company may seek to expand its market share at the expense of another portfolio company, withdraw business from another portfolio company in favor of another company offering the same product or service at a lower price, increase its own prices, purchase assets from, or sell assets to, another portfolio company, commence litigation against another portfolio company, or prevent one portfolio company from commencing litigation against another portfolio company.

In addition, certain portfolio companies of an Other Sagard Entity may engage in activities that could adversely affect the Funds and/or their portfolio companies, including, for instance, as a result of laws and regulations or certain jurisdictions (such as bankruptcy, environmental, consumer protection and/or labor or union laws) that may not recognize or permit the segregation of assets and liabilities between separate entities. Such jurisdictions may also allow for recourse against assets that are under common control with, or part of the same economic group as the entity that has incurred the liability. This may result in the assets of the Funds and/or their portfolio companies being used to satisfy the obligations or liabilities of an Other Sagard Entity or its portfolio companies.

From time to time a Fund's portfolio company will be counterparties or participants in agreements, transactions or other arrangements with other portfolio companies of such Fund or other Funds. These agreements, transactions and other arrangements will involve payment of fees and other amounts, none of which will result in any offset to the management fee. Such agreements, transactions and other arrangements will generally be entered into without the consent or direct involvement of the Funds and/or Sagard or the consent of any advisory committee.

Sagard and/or its affiliates may engage in business opportunities arising from the Funds' 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). This creates a conflict of interest, as such interests are a benefit arising from the Funds' investment and may vary from the Funds' interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Funds).

In addition, Sagard may cause a Fund to transact with a portfolio company of the Fund or another Fund or Other Sagard Entity, including purchasing an asset from, or selling an asset to, a portfolio company. This creates a conflict of interest as the interests of the purchasing or selling Fund or Other Sagard Entity differ from those of the counterparty portfolio company.

A Fund's portfolio company may be a counterparty or a participant in an agreement, transaction or other arrangement with another portfolio company of the Fund or of an Other Sagard Entity that may not have otherwise been entered into but for the affiliation with Sagard, and which may provide economic or other benefits to Sagard or its affiliates, that are not subject to the management fee offset provisions described herein.

Sagard and its affiliates have in the past and may, from time to time, hire part-time or full-time employees (including interns) who are relatives of, or are otherwise associated with an Investor, portfolio company, former portfolio company, investment target, or service provider. Although Sagard uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee Sagard can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest.

Service Providers

Services required by the Funds (including some services historically provided by Sagard or its affiliates) may, for certain reasons, including efficiency and economic considerations, be outsourced in whole or in part to third parties in the discretion of Sagard or its affiliates. For example, for certain Funds, Sagard may outsource the fund administration for the Fund to a third-party administrator (which costs would be borne by the Fund), though Sagard or its affiliates have historically provided such services (in whole or in part) in-house in the past, with no additional cost to investors. Sagard and its affiliates have an incentive to outsource such services at the expense of the Funds or a portfolio company to, among other things, leverage the use of the personnel of Sagard. Such services may include, without limitation, deal sourcing, asset management, information technology, licensed software, depository, data processing, client relations, administration, custodial, marketing and marketing-reviews, accounting, valuation, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for the Funds and Other Sagard Entities and accordingly, certain costs may be incurred by the Funds for a third-party service provider that is not incurred for comparable services by Other Sagard Entities. The decision by Sagard to initially perform a service for a Fund in-house does not preclude a later decision to outsource such services (or any additional services) in whole or in part to a third-party service provider in the future and Sagard has no obligation to inform the Funds or Investors of such a change. Such services may also supplement or be performed alongside services performed by Sagard. In addition, certain internal service providers (such as internal accountants) may “shadow” or otherwise review the reports of other services provided by such third parties. The costs and expenses of any such third-party service providers will be borne by the Funds.

Sagard and/or its affiliates may engage certain service providers to provide services to Sagard, the Funds and/or the portfolio companies, including services during the due diligence and acquisition process. Such service providers are, in certain circumstances, Investors of the Funds or affiliates of such Investors and may include, for example, investment or commercial bankers, lenders, including subscription facility lenders, outside legal counsel pension consultants and/or other Investors who provide services (including mezzanine and/or lending arrangements). The engagement of any such service provider may be concurrent with an Investor’s admission to the Fund, or during the term of such Investor’s investment in the Fund. This creates a conflict of interest, as Sagard may give such Investor preferred economics or other terms with respect to its investment in a Fund, or may have an incentive to offer such Investor co-investment opportunities that it would not otherwise offer to such Investor. In addition, Sagard will have a conflict of interest 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 Funds or will provide Sagard information about markets and industries in which Sagard operates. Sagard generally has an incentive to recommend the products or services of certain Investors or prospective Investors of the Funds to the Funds or their portfolio companies for use or purchase, even though the products or services recommended may not necessarily be the best available to the Funds or the portfolio companies.

If a service provider provides services to the Funds on the property of Sagard, the Funds may also be responsible for any overhead, rent or other fees, costs and expenses charged by Sagard in connection with an on-site arrangement.

Sagard has in the past and may in the future in its discretion, contract directly with, or recommend to the Funds or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with, a related person of Sagard or an affiliate (including but not limited to a portfolio company of an Other Sagard Entity). When making such a recommendation, Sagard, because of its financial or other business interest, has an incentive to recommend the related or other

person even if another person is more qualified to provide the applicable services and/or can provide such services at a lesser cost.

Additionally, former employees of Sagard may also become employees, officers or directors of, or otherwise be engaged by, third-party service providers that provide services to Sagard, the Funds and/or portfolio companies. While employed by Sagard, the cost of the compensation, benefits and attributable overhead provided to employees, officers and directors of Sagard and/or its affiliates are paid by Sagard unless the Funds' Offering Documents permit certain allocations of internal expenses to the Funds. If a former employee of Sagard becomes an employee or consultant of a third party that also provides services to a Funds, such former employee of Sagard may be assigned by such third party to provide services to that account. In such instance, the cost of the third-party service provider attributable to the former employee of Sagard working on the Funds will be borne entirely by the Funds and no such amounts will reduce the management fee paid by the Funds on the basis that such person used to be a former employee of Sagard.

Additionally, employees of Sagard or its affiliates, and/or their family members or relatives may have ownership, employment, or other economic or other interests in certain service providers. These relationships can influence Sagard in determining whether to select or recommend such service provider to perform services for the Funds or a portfolio company. Although Sagard selects service providers that it believes will enhance portfolio company performance (and, in turn, the performance of the relevant Fund(s)), there is a possibility that Sagard, because of financial, business interest, or 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 other service providers to Sagard, the Funds and/or the portfolio companies, or affiliates of such service providers, also provide goods or services to or have business, personal, financial or other relationships with Sagard, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also source of investment opportunities, be co-investors or commercial counterparties or entities in which Sagard and/or the Funds have an investment, and payments by the Funds and/or such portfolio companies may indirectly benefit Sagard and/or the Funds.

Sagard, its personnel, the Funds and the portfolio companies will, from time to time engage common service providers. In certain circumstances, the service provider may charge varying rates or engage in different arrangements for services provided to Sagard, its personnel, the Funds, and/or the portfolio companies. As a result, Sagard or its personnel from time to time receives a more favorable rate on services provided to it by such a common service provider than those payable by the Funds and/or the portfolio company, or from time to time receives a discount on services even though the Funds and/or the portfolio companies receive a lesser, or no, discount. This creates a conflict of interest between Sagard and its personnel, on the one hand, and the Funds and/or portfolio companies, on the other hand, in determining whether to engage such service providers, including the possibility that Sagard will favor the engagement or continued engagement of such persons if it, or its personnel, 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 Fund and/or the portfolio companies. Neither the Funds nor Investors of the Funds will receive the benefit of any such favorable rate or discount provided to Sagard, its personnel or its affiliates, and the management fee paid by the Funds will not be reduced in connection with such favorable rate or discount.

In addition, service providers often charge varying amounts or may have different fee arrangements for different types of services provided. For instance, fees for various types of work often depend on the complexity of the matter, the expertise required and the time demands of the service provider. As a result, to the extent the services required by Sagard or its affiliates differ from those required by the

Funds and/or its portfolio companies, Sagard and its affiliates will pay different rates and fees than those paid by the Funds and/or its portfolio companies.

Sagard or its affiliates engage certain service providers (including law firms) on behalf of the Funds and personnel of such service provider have in the past and may in the future be seconded to Sagard or its affiliates on a temporary basis, pursuant to various arrangements including at cost or at no cost. Sagard is, from time to time, a beneficiary of these arrangements as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to Sagard, its affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in Sagard's discretion taking into consideration the usage of such personnel. In such circumstances, a conflict of interest exists because Sagard or its affiliates have an incentive to select one service provider over another on the basis that Sagard or its affiliates may receive the benefit of seconded employees from such service provider, particularly where the compensation and expenses for such personnel during the secondment is borne by the service provider and not Sagard or its affiliates.

Sagard and the Funds will generally engage common legal counsel and other service providers in a particular transaction, including a transaction in which there may be conflicts of interest. Members of the law firms engaged to represent the Funds may be Investors in the Funds and may also represent one or more portfolio companies or Investors in the Funds. In the event of a significant dispute or divergence of interest between Funds, Sagard and/or its affiliates, the parties may engage separate counsel in the sole discretion of Sagard and its affiliates, and in litigation and other circumstances separate representation may be required.

Sagard from time to time may cause the Funds to bear the full cost and expense of engaging certain third-party service providers on behalf of a portfolio company. In the event a Fund is not the sole shareholder of the portfolio company, other shareholders will benefit from the costs incurred by such Fund and will not reimburse the Fund for their pro rata portion of the cost of any such service provider.

Positions with Portfolio Companies

Employees of Sagard serve as directors of, or observers on boards with respect to, certain portfolio companies. While conflicts of interest may arise in the event that such employee's fiduciary duties as a director conflicts with those of the Funds, it is expected that the interests will be aligned. In addition, to the extent an employee serves as a director on the board of more than one portfolio company, such employee's fiduciary duties among the two portfolio companies may create a conflict of interest. In addition, employees of Sagard may leave the employment of Sagard or its affiliates and become an officer or employee of a portfolio company.

Decisions made by an employee of Sagard as a director to a portfolio company may subject Sagard, its affiliates or the Funds to claims they would not otherwise be subject to as an Investor, including claims of breach of duty of loyalty, securities claims and other director-related claims. In general, the Funds will indemnify Sagard and its partners, principals and employees from such claims. The employees of Sagard serving as directors for a portfolio company may make decisions for a portfolio company that negatively impacts returns received by the Funds.

From time to time employees of Sagard may also be asked to serve as directors of, or observers with respect to, certain entities in which the Funds have fully exited its ownership interest and/or following the termination of such employee's employment with Sagard. In such circumstances, any compensation or fees received by such former employee is not subject to the management fee offset described above, or otherwise shared with the Funds and/or Investors.

In addition, Sagard may continue to receive other fees from a portfolio company after a Fund has fully exited its ownership interest (for instance, in respect of consulting arrangements or group purchasing arrangements). In such circumstances, any fees received with respect to such exited investment is not subject to the management fee offset described above, or otherwise shared with the Funds and/or Investors.

In connection with co-investment opportunities, some co-investors (which may include one or more Investors in the Funds) may be provided with an opportunity to serve on the board of directors or board of advisors of the applicable portfolio company. Positions on board of directors or board of advisors of such portfolio companies provide such co-investors with voting rights, access to information and the ability to potentially influence the operations and decision-making of the portfolio company that are not available to other Investors in the Funds. In certain cases, co-investors may have contractual rights that require the approval of the co-investors for certain major actions relating to the applicable portfolio company, such as a sale of the company or the issuance of additional equity by the company. Such rights may limit the ability of Sagard to take actions with respect to the portfolio company that Sagard considers to be in the best interests of the Funds.

Certain personnel of Sagard or its affiliates are from time to time temporarily seconded to or otherwise engaged by certain portfolio companies on either a full-time or a part-time basis to provide services to such portfolio companies. In such instances, the portfolio companies may pay such person's directors' fees, salaries, consultant fees, other cash compensation, stock options, other equity grants or other compensation and incentives and may reimburse Sagard or such persons for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. Sagard may also advance compensation to seconded employees and be subsequently reimbursed by the applicable portfolio companies. Any compensation customarily paid directly by Sagard or its affiliates to such persons will typically be reduced to reflect amounts paid directly or indirectly by the portfolio company even though the management fee paid or Performance-Based Fees distributed by the Funds will not be reduced. Any amounts paid to such persons by a portfolio company (or paid by Sagard and reimbursed by a portfolio company) will not be treated as expenses to be borne by the Funds and may not reduce the management fee otherwise payable to Sagard, subject to the terms of the Offering Documents. All or a portion of any such compensation and incentives will be borne by the Funds, directly or indirectly, via its ownership interest in such portfolio company. In certain instances, whether an individual who provides services to a portfolio company should be characterized as an industry specialist, an employee or former employee of Sagard, or a seconded employee may be unclear. In such cases, Sagard will make a determination in good faith based on its evaluation of the relevant facts and circumstances.

Side Letter Arrangements

The General Partners may enter into certain side letters or similar arrangements with certain Investors in the Funds providing such Investors with different or preferential rights or terms, including but not limited to different fee structures and other preferential economic rights, information and reporting rights, excuse or exclusion rights, waiver of certain confidentiality obligations, co-investment rights, certain rights or terms necessary in light of particular legal, regulatory or policy requirements of a particular Investor, additional obligations and restrictions with respect to structuring particular investments in light of the legal and regulatory considerations applicable to a particular Investor, modification of representations, indemnification and/or liability and other obligations, veto rights and liquidity or transfer rights. Except as otherwise agreed with one or more Investors and as provided in the Offering Documents, the General Partners are not required to disclose the terms of side letters or similar arrangements with other Investors. Also, Investors will have no recourse against the applicable Fund, the General Partner, Sagard or their respective affiliates in the event that certain Investors receive additional or different rights or terms pursuant to such side letters or similar arrangements, some of which rights

may impact the rights and/or increase the obligations of other Investors. In addition, side letters or similar arrangements with certain Investors may impose additional restrictions on investing in certain types of assets, geographies or industries in order to meet certain legal, tax, regulatory, internal policy or other requirements of such Investors. While these restrictions are intended to apply solely to such Investors, they may ultimately restrict the investments made by the Funds.

Advisors

Sagard, the Funds and/or portfolio companies may from time to time retain third parties, such as consultants, industry specialists, external executives, industry advisory roundtable members and similar professionals (“**Advisors**”). Advisors may be engaged to provide operational support, due diligence, research, specialized operations and consulting services and similar or related services to the Funds or, in connection with one or more portfolio companies or prospective portfolio companies in relation to the identification, acquisition, holding, improvement and disposition of such portfolio companies, and Advisors may also provide “front office” functions with respect to the Funds, such as sourcing or other investment-related functions (any such services, “**Advisor Services**”). Advisor Services may relate to high-level insight or more operational involvement, and may include support to a General Partner on behalf of a Fund, or portfolio companies regarding, among other things, a portfolio company’s management (including serving in management positions or participating in determining corporate strategy), a portfolio 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. The determination of whether a service is an Advisor Service will be made by the applicable General Partner or Sagard, in its sole discretion. It may be difficult to distinguish services provided by Advisors from the investment advisory services provided to a Fund by Sagard and its affiliates.

The nature of the relationship with each Advisor and the time devotion requirements of each Advisor may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal, and may be negotiated individually, depending upon the anticipated Advisor Services to be provided. In certain cases, Advisors may have attributes of personnel of Sagard (for instance, they may have dedicated office space, receive administrative support services from Sagard, participate in general meetings or events for personnel of Sagard, have a Sagard e-mail address or Sagard-branded business cards), even though they are not personnel of Sagard. Certain Advisors may have priority access to co-investment opportunities and/or may be offered the opportunity to invest directly in a portfolio company by such portfolio company, including in investments in which such Advisor is involved or participates in the management thereof.

Fees, compensation, expenses and any attributable overhead associated with Advisor Services (collectively, “**Advisor Expenses**”) will be paid and/or reimbursed by Sagard or its affiliates, portfolio companies and/or a Fund. Advisor Expenses will be determined at the discretion of Sagard taking into account the particular Advisor Services and may include a “success fee” (in the form of cash) for transactions entered into by a Fund and/or be based on other pre-determined targets or milestones, reimbursement of an allocable portion of an Advisor’s compensation (including, without limitation, salary, bonus and payroll taxes) and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces), an annual, monthly or hourly fee or retainer, a discretionary bonus, a discount on fees payable in connection with an investment in a Fund and other incentive-based compensation (e.g., Performance-Based Fees) to the Advisor, and may be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed

costs) of the Advisor, amounts charged by other providers for comparable services and/or a percentage of cash flows from such companies.

The determination of whether an Advisor Expense is to be paid by a portfolio company, a Fund or Sagard will be made by the applicable General Partner or Sagard in its sole discretion and in accordance with the Offering Documents. As to the payment of “success fees” for transactions entered into by a Fund, Sagard expects that the cost of such fees will be typically borne by the Fund. In the event one or more Advisors (directly or indirectly) is providing services with respect to a Fund and another Fund and/or Other Sagard Entity, such Advisor Expenses will be allocated among the Fund and such other Fund and/or Other Sagard Entity as determined by Sagard or the applicable General Partner (see “*Allocation of Expenses*” above). To the extent any Advisor Expenses are due and payable to an Advisor by a Fund or a portfolio company, such Advisor Expenses will not reduce the management fee or any other fees otherwise payable to Sagard or its affiliates and will not be considered to benefit a Fund or its investors, even if the Advisor Expenses paid by a Fund or a portfolio company have the effect of reducing any retainers or minimum amounts otherwise payable by Sagard. Sagard’s good faith determination as to whether a service is an Advisor Service and the categorization of any fees and expenses as Advisor Expenses (and the allocation thereof) shall be binding on a Fund and its investors.

Other Potential Conflicts

Sagard and its personnel have in the past and may, from time to time in the future, receive certain intangible and/or other benefits and/or perquisites arising or resulting from their activities on behalf of the Funds, including benefits and other discounts provided from service providers. For example, airline travel or hotel stays incurred as Fund expenses may result in “miles” or “points” or credit in loyalty/status programs to Sagard and/or its personnel, and such rewards, benefits and/or amounts (whether or not *de minimis* or difficult to value) will exclusively benefit Sagard and/or such personnel even though the cost of the underlying service is being borne by the Funds, its Investors and/or the portfolio companies. Any such benefits, rewards and/or amounts will not be subject to the offset arrangements described above or otherwise shared with the Funds, the Investors and/or the portfolio companies. In addition, airline travel incurred as Fund expenses for Sagard personnel travelling for appropriate Fund-related purposes (including, without limitation, travel related to a portfolio company, a prospective portfolio company or other Fund-related matter) may benefit such personnel to the extent the trip also serves a personal purpose.

Sagard has in the past and may, in its discretion, have, and may, in its discretion, cause the Funds and/or its portfolio companies to have, ongoing business dealings, arrangements or agreements with persons who are former employees or executives of Sagard. The Funds 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 Sagard and the Funds (or their portfolio companies) in determining whether to engage in or to continue such dealings, arrangements or agreements, including the possibility that Sagard 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.

Investors may be introduced to Sagard, or may be brought into the Funds, by a third-party consultant from which Sagard or an affiliate purchase products and to which Sagard or an affiliate may make payments, including in connection with conferences sponsored or hosted by the third-party consultant.

Sagard may cause the Funds to purchase, and/or bear premiums, fees, costs and expenses (including any expenses or fees of insurance brokers) for insurance to insure the Funds, Sagard, Sagard and/or their respective directors, officers, employees, agents, representatives, members of the investor advisory committee and other indemnified parties, against liability in connection with the activities of the Funds. This may include a portion of any premiums, fees, costs and expenses for one or more “umbrella” or

other insurance policies maintained by Sagard that cover the Funds and/or Sagard (including their respective directors, officers, employees, agents, representatives, members of the investor advisory committee and other indemnified parties). Sagard will make judgments about the allocation of premiums, fees, costs and expenses for such “umbrella” or other insurance policies between the Funds, and/or Sagard on a fair and reasonable basis, and may make corrective allocations should it determine subsequently that such corrections are necessary or advisable. There can be no assurance that a different allocation would not result in the Funds bearing less (or more) premiums, fees, costs and expenses for insurance policies.

Sagard is permitted to withhold information from certain Investors in certain circumstances. For instance, information will typically be withheld from Investors that are subject to Freedom of Information Act or similar requirements. Sagard will often elect to withhold certain information to such Investors for reasons relating to Sagard’s public reputation or overall business strategy, despite the potential benefits to such Investors of receiving such information.

D. Privacy Policy

Sagard is committed to maintaining the confidentiality and security of its Investors’ non-public personal information. It is Sagard’s policy to collect only information necessary for legitimate business purposes. Sagard does not disclose any non-public, personal information about its underlying Investors to anyone except for servicing and processing transactions and as authorized or required by law. Sagard restricts access to non-public, personal information about its Investors to those employees and service providers with a legitimate business need for the information. Sagard maintains security practices, physical, electronic and procedural safeguards to guard each Investor’s non-public, personal information. Upon request, Sagard will provide a copy of its written privacy policies and procedures.

ITEM 12 - BROKERAGE PRACTICES

Given the investment objectives of the Advisory Clients, Sagard transacts through broker-dealers on behalf of the Advisory Clients only with respect to a limited number of portfolio investments. In these limited situations where Sagard transacts through a broker-dealer, Sagard will consider a broad set of factors when selecting a broker-dealer such as the broker-dealer’s execution capabilities, financial stability, ability to maintain confidentiality, pricing and any special circumstances particular to the subject transaction. Although Sagard will seek competitive pricing, Sagard may not necessarily obtain the lowest possible rates for portfolio transactions. Sagard does not have any agreements in place that require Sagard to give any specified amount of brokerage transactions to any broker-dealer.

Sagard does not currently participate in any soft dollar relationships with brokers for research or any other service. Sagard does not consider whether it or a related person receives client referrals from a broker-dealer or a third party when selecting or recommending broker-dealers.

Although the nature of the investments held by the Funds do not generally require the services of a broker-dealer, Sagard may seek to aggregate orders of securities for the accounts of the Funds where practicable.

ITEM 13 - REVIEW OF ACCOUNTS

Sagard will review the portfolio investments of each Advisory Client on a regular basis with a view to evaluating, among other things, economic developments, industry outlook and other issues related to the portfolio investments. Each Advisory Client’s portfolio investments are reviewed by teams consisting of Sagard’s investment professionals. These teams monitor overall performance, portfolio composition, credit events in the underlying portfolios, financial performance and compliance with the investment

guidelines of the relevant Advisory Clients. Reviews also consider, and may be triggered by, market, legal or regulatory developments.

Subject to the provisions of the Offering Documents, Sagard will typically provide the Investors in the Funds with the following written reports: (i) audited annual financial statements; (ii) quarterly unaudited performance reports; and (iii) annual tax information necessary to complete any applicable tax returns.

In addition to the information typically provided to all Investors, Sagard may in certain circumstances provide certain Investors with additional information with respect to a Fund or a portfolio investment or more frequent reports that other Investors will not receive.

ITEM 14 - CLIENT REFERRALS AND OTHER COMPENSATION

Sagard or its affiliates may, from time to time, enter into arrangements with certain persons (such as placement agents and financial advisers) to assist in the capital-raising efforts of a Fund in exchange for a fee. The fee paid, if any, to such persons may be calculated as a percentage of funds raised by such persons, as specifically negotiated between Sagard and each such person, or a flat fee. These relationships could affect the independence of such person in connection with their recommendations of a Fund.

Sagard has not and does not expect that it will charge placement agent fees to Investors. Placement agent fees will be borne by Sagard.

In addition, Sagard and its related persons may, in certain instances, receive discounts on products and services provided by portfolio companies of Advisory Clients and/or the customers or suppliers of such portfolio companies.

ITEM 15 - CUSTODY

Under Advisers Act Rule 206(4)-2, as amended (the “**Custody Rule**”), Sagard is deemed to have custody of the funds and securities of certain Funds because a related person of Sagard is the general partner of such Funds. For Funds domiciled in the United States (“**U.S. Funds**”), with respect to which Sagard is subject to the Custody Rule, Sagard complies with the Custody Rule by, among other things, ensuring that an annual audit of such Fund is conducted by an accountant registered with and subject to inspection by the Public Company Accounting Oversight Board (PCAOB), the annual audited financial statements are prepared in accordance with (or, to the extent required, reconciled to) U.S. generally accepted accounting principles and they are delivered to investors within 120 days of the fiscal year end. With respect to such U.S. Funds, Sagard is exempt from the requirement to have a reasonable basis for believing that a qualified custodian sends account statements at least quarterly because the Fund is audited annually as described above.

ITEM 16 - INVESTMENT DISCRETION

Generally, the General Partners of each of the Funds have delegated to Sagard investment discretion in managing the investments of the Funds. The terms of these investments as well as the investment strategy and guidelines around the use of this discretion are described in detail in each Fund’s Offering Documents.

Sagard assumes, subject to the direction and control of the General Partner of a Fund, investment discretion and day-to-day operations over the Fund by virtue of the execution of investment management agreements with each Fund and as contemplated in the Offering Documents of the Fund. Sagard’s discretion is limited as set out in the Offering Documents of the Fund. In particular, the

investment guidelines and objectives of each Fund, which are specifically negotiated between Sagard and a Fund's Investors, place limits on the investments that each Fund can pursue. In addition, each Fund (except for the Portage Co-Investment Funds) has an investor advisory committee, customary for private funds of a similar nature, which may require notice to or consent from an investor advisory committee for certain investment activities, including investment activities that may cause potential conflicts of interest.

Sagard also assumes investment discretion in managing investments in a limited number of separately managed accounts. Sagard's discretion is limited as set out in the terms of an investment management agreement entered into with each client.

ITEM 17 - VOTING CLIENT SECURITIES

Sagard has established written policies and procedures setting forth the principles by which Sagard votes or gives consent with respect to securities held by the Advisory Clients. It is the general policy of Sagard to vote proxies in a manner that serves the best interests of the Advisory Clients, as determined by Sagard in its discretion and in accordance with its written policies and procedures.

Sagard recognizes that in certain occurrences there may be a potential conflict of interest in voting proxies. Sagard has adopted policies to address these and other issues that could give rise to a conflict, including taking action in accordance with the Offering Documents of the applicable Fund and referring the matter to the CCO. Appropriate documentation to support Sagard's position when voting will be maintained by the Fund.

Additional information about Sagard's policies and procedures regarding the principles by which Sagard votes and how securities have been voted may be obtained upon written request to compliance@sagardholdings.com.

ITEM 18 - FINANCIAL INFORMATION

Sagard is unaware of any financial condition reasonably likely to impair its ability to meet contractual and fiduciary commitments to clients and has not been the subject of a bankruptcy proceeding.