



**V I S T A**

**CREDIT PARTNERS**

**FORM ADV  
PART 2A BROCHURE**

VISTA CREDIT PARTNERS, L.P.

# VISTA CREDIT PARTNERS, L.P.

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This brochure provides information about the qualifications and business practices of Vista Credit Partners, L.P. If you have any questions about the contents of this brochure, please contact us by phone at (212) 804-9100 and/or Gwen Reinke, Chief Compliance Officer, at [List-VCPCompliance@vistaequitypartners.com](mailto:List-VCPCompliance@vistaequitypartners.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.

Vista Credit Partners, L.P. is a registered investment adviser with the SEC. Registration with the SEC or any state securities authority does not imply a certain level of skill or training.

Additional information about Vista Credit Partners, L.P. is also available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).

## ITEM 2: MATERIAL CHANGES

This brochure, dated December 26, 2023, contains important information about Vista Credit Partners, L.P., which has been submitted in connection with its initial registration filing as a stand-alone registered investment adviser with the SEC.

In addition to annual amendments, Vista Credit Partners, L.P. plans to make routine updates throughout the brochure to improve and clarify the description of its business practices and its compliance policies and procedures.

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## ITEM 4: ADVISORY BUSINESS

Vista Credit Partners, L.P. (previously named Vista Credit Opportunities Management, L.P., its relying adviser, Vista Credit CLO Management LLC, and together with the relevant General Partners (defined below), “Vista Credit Partners,” “Vista Credit” or “VCP”), a Delaware limited partnership, is, indirectly, principally owned by its affiliate, Vista Equity Partners Management, LLC (“VEPM”), an SEC-registered investment adviser, and provides investment advisory services to and/or receives Management Fees (defined below) from pooled investment vehicles or the Funds (defined below) in connection with credit investments. VEPM was formed in 2000 and is principally owned by Robert F. Smith, who is also its Chairman and Chief Executive Officer. In addition to VCP, VEPM owns other investment advisory subsidiaries, including VFF Management, L.P., VEPF Management, L.P., VEEF Management, L.P. and Vista Credit BDC Management, L.P. (“BDC Adviser”, and together with the relevant affiliates and VCP, “Vista”). Certain VCP affiliates are formed for tax, regulatory, or other purposes in connection with the organization of the funds or serve as general partners of the funds (collectively, the “General Partners”). In addition, VCP receives compensation for management or other services performed in connection with co-investments made in portfolio companies of the Funds.

As Vista’s credit platform, the primary focus of VCP is to provide investment advisory services primarily related to credit and structured equity investment opportunities in the growing sector of businesses that provide enterprise software (including operationally mature enterprise software businesses), data, and technology-enabled solutions (collectively, “enterprise software companies”). VCP’s pooled investment vehicles consist of credit funds that originate and invest primarily in privately negotiated debt securities in enterprise software companies and certain collateralized loan obligation (“CLO”) vehicles (the “Funds” or “Credit Funds”). Vista’s other business units also advise other pooled investment vehicles, including private equity funds that primarily acquire controlling interests in emerging and lower middle-market to large cap enterprise software companies (the “Equity Funds”), a permanent capital private equity fund that primarily acquires controlling interests in middle-market to large cap mature enterprise software companies (the “Perennial Fund”), and long/short and long-biased equity hedge funds that pursue fundamentals driven, research intensive strategies that focus on the global technology, media, and telecommunications (“TMT”) sectors (the “Hedge Funds”), together with the Credit Funds, the (“Vista Funds”). Vista may establish other investment vehicles for the purpose of purchasing one or more investments from a Fund that is approaching the end of its term (“Continuation Vehicles”). For purposes of this Brochure, Funds shall be deemed to include Continuation Vehicles, and any references to portfolio companies refer to businesses in which Credit Funds have invested or to portfolio companies of other Vista Funds, as the context requires. The Funds are not registered under the Investment Company Act of 1940, as amended (“1940 Act”), and their securities are not registered under the Securities Act of 1933, as amended (the “Securities Act”). A list of the Funds may be found in the Form ADV Part 1A.

Investments on behalf of the Credit Funds include (or may include in the future) first and second lien debt investments in enterprise software companies; and among other things,

mezzanine/private placements, special situation and credit investments; structured products; other credit-based securities and claims; preferred stocks; convertible securities; warrants; rights; bonds and other fixed income securities; options; swaps and other derivative instruments; commodity interests; futures; options on futures; currency hedging transactions; non-U.S. currencies; money market instruments; cash and cash equivalents; and securities lending arrangements.

VCP generally provides investment supervisory services to each Fund in accordance with a limited partnership agreement (or analogous document) of such Fund or separate investment management agreement (each, an “Advisory Agreement”). Investment advice is provided directly to the Funds, subject to the discretion and control of the applicable General Partner, and not individually to the investors (generally referred to herein as “Investors” or “Limited Partners”) in the Funds. In each case, Fund investments are consistent with the investment objectives and strategies, as defined by the applicable private placement memoranda, Advisory Agreements, limited partnership agreements, side letter agreements negotiated with Investors in an applicable Fund, and/or other governing documents (together, “Governing Documents”). VCP may also enter into consulting agreements whereby VCP provides non-discretionary or consulting services to third parties.

Vista on behalf of the Equity Funds primarily invests in opportunities in which Vista believes it can drive operational change, and Credit Funds may invest in portfolio companies controlled by the Equity Funds. Vista seeks to accomplish operational change through its ability to effect substantial operational improvements aiming to create value in its companies through the implementation of Vista’s operating improvement plan (the “Value Creation Plan”) and its proprietary set of operational best practices specific to the types of enterprise software businesses in which the Funds invest (the “Vista Best Practices”). This implementation is the responsibility of Vista’s investment team, and Vista’s Value Creation Team (“VCT”) leads the ongoing refinement of the Vista Best Practices, as well as the related delivery mechanics. The VCT consists of Vista professionals dedicated in whole or in part to operational matters (“Operating Professionals”) and the members of Vista Consulting Group (including OneVista) (“VCG”), a Vista affiliate. VCP generally leverages VCT (including VCG) to provide services to (or with respect to) one or more Credit Funds, including in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies, and from time to time may also provide “front office” functions with respect to a Credit Fund, such as sourcing and investment diligence or other investment-related functions. Such services may also be used by companies in which the Funds invest. While VCP may consider equitizing distressed portfolio companies for certain of its Funds, it generally does not anticipate pursuing turnaround or “loan-to-own” style investments. Nonetheless, VCP believes it benefits greatly from being inside of the broader Vista ecosystem with access to Vista Best Practices, because Vista’s sector-specific knowledge and network of connections allow for an additional layer of diligence when evaluating credit investments.

VCP tailors its services to the specific investment objectives and restrictions of each Fund pursuant to the applicable investment guidelines and restrictions, and subject to specific terms and conditions set forth in the Fund's Governing Documents. Investors should refer to the Governing Documents of the applicable Fund for complete information on the investment objectives, restrictions, and guidelines of the particular Fund and the services VCP provides to the Fund.

The Credit Funds from time to time may co-invest with Vista Credit Strategic Lending Corp. ("VCSL," a closed-end management company that has elected to be regulated as a business development company ("BDC") under the 1940 Act). The BDC Adviser, a VCP affiliated adviser, serves as the investment adviser to VCSL. Additionally, from time to time and as permitted by the relevant Governing Documents, VCP also expects to provide (or agrees to provide) certain other investors or other third parties, including other sponsors, market participants, finders, consultants, other service providers, and strategic investors, the opportunity to invest directly as a co-sponsor or co-underwriter or to participate in co-investment vehicles that will invest in certain portfolio companies alongside one or more Vista Funds. Additionally, VCP has in the past and expects to, from time to time, in the future establish certain investment vehicles through which certain employees of VCP or its affiliates, certain business associates, other "friends of the firm," or other persons (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, "VCP Investors") will invest in or alongside one or more Vista Funds in one or more investment opportunities. VCP Investors will not typically pay Management Fees or Carried Interest in connection with their investment in a Vista co-investment vehicle.

As of September 30, 2023, VCP manages approximately \$10,164,589,020 of assets on a discretionary basis and \$35,142,377 of assets on a non-discretionary basis. Regulatory assets under management as noted herein include committed capital for the Funds.

## ITEM 5: FEES AND COMPENSATION

VCP, or an affiliated General Partner, generally receives Management Fees and Carried Interest (each as defined below) or similar performance-based remuneration from a Fund. A Fund, and/or its portfolio companies, also makes other payments to VCP or its affiliates for services provided to the portfolio companies, which, in certain circumstances, will reduce the Management Fees payable to VCP. Additionally, consistent with the Governing Documents of a Fund, the Fund typically bears certain out-of-pocket expenses incurred by VCP in connection with the services provided to the Fund and/or the portfolio companies. Further details about certain common fees and expenses are set forth below.

### **Management Fees**

As compensation for investment advisory services rendered to the Funds, VCP, or an affiliated General Partner, receives a management fee (a "Management Fee"). Management Fees may be reduced during the life of the Fund at the General Partner's discretion. Except as otherwise

agreed, the General Partner and Limited Partners who are affiliates, employees, or other designees of VCP will not be subject to the Management Fee or other performance-based fees. Alternatively, VCP allows eligible employees to participate in vehicles that invest in or alongside the Funds and which do not charge Management Fees or performance-based fees or allocations ("Employee Vehicles"). Management Fees paid by a Fund are indirectly borne by Investors in such Fund, but such Management Fees are added to the cost of investment prior to any performance-based fees (as discussed below in Item 6) taken by VCP.

VCP or an affiliated General Partner earns an annual Management Fee with respect to each Limited Partner, payable quarterly in advance, generally up to 1.5% per annum of the total investment contributions for investments that have not been disposed of as determined on the first day of the quarter corresponding to the applicable payment period. Upon termination of an Advisory Agreement, Management Fees that have been prepaid are generally returned on a prorated basis or as otherwise set forth in the Governing Documents.

The precise amount of, and the manner and calculation of, the Management Fees for each Fund is set forth in the Governing Documents. The Management Fees and other fees are generally subject to waiver or reduction by VCP in its sole discretion, both voluntarily and on a negotiated basis with selected Investors. The fee structures described herein may be modified from time to time in accordance with the Governing Documents. Fees may differ from one Fund to another, as well as among Investors in the same Fund. In addition, VCP reserves the right to enter into economic arrangements with respect to one or more Funds and/or certain Limited Partners thereof, the rights of which will not generally be made available to, or necessarily disclosed to, other Limited Partners.

In addition, VCP is permitted to waive or reduce all or a portion of the Management Fee paid by a Fund in full or partial satisfaction of any obligation of the General Partner and certain employees of VCP or its affiliates, certain business associates, other "friends of the firm," or other persons to invest in and alongside such Fund. Any such waived or reduced portion of the Management Fee may be treated as a deemed capital contribution by the General Partner and its affiliates in respect of the General Partner's commitment after the date such waived amount would otherwise be due and reduces the amount of capital the Fund's General Partner would otherwise be required to contribute to such Fund as part of its commitment. The Fund's Investors other than the General Partner are required to make a pro rata contribution according to their respective capital commitments to the Fund. Any contribution that would otherwise be required of the Fund's General Partner in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver results in an acceleration of Investor capital contributions. Waived or reduced Management Fees generally are not subject to any reduction of the Management Fee described below. Due to waived or reduced Management Fees by a Fund's General Partner and/or timing of receipt of compensation subject to Management Fee offsets (as described below), it is possible that such offsets will not be fully realized by Investors in such Fund until liquidation of the Fund and the refunding of any unapplied offset (as described below) and will result in a benefit to the General Partner until such liquidation.



Where the Governing Documents calculate Management Fees based on the amount of commitments or the amount of investment contributions, the amount of Management Fees generally will not be reduced based on reductions in investment value, except where specified by the relevant Governing Documents. As a general matter, Management Fees will be payable during term extensions unless otherwise agreed with investors.

Certain Funds' Governing Documents provide that the Management Fee will be calculated on a basis that generally is not tied to the Fund's then-current net asset value. As described in the Governing Documents for such Funds, from the effective date of the relevant Fund until a date specified in the Governing Documents (generally the end of the Fund's defined investment period) (the "Stepdown Date"), Management Fees generally will be calculated based on a percentage of the amount of the relevant Fund's aggregate capital commitments. After the Stepdown Date, Management Fees generally will be calculated based on a percentage of the amount of investment contributions made by the relevant Fund that have not been disposed of or permanently written down. Management Fees are generally called in advance and generally will not be reimbursed or refunded under the Governing Documents in the event of realizations, dispositions or write-downs that occur partway through the relevant calculation period.

### **Adviser Expenses**

To the extent provided in the Governing Documents of the Funds, and except as described below as a Fund Expense, VCP will bear all ordinary overhead and administrative expenses incurred by a General Partner, the ultimate general partner, or VCP in connection with maintaining and operating their respective offices, including rent and equipment expenses, salaries, compensation and expenses of certain of its partners, officers, and employees (other than Carried Interest described in Item 6 below), as described in the Governing Documents of such Fund.

### **Fund Expenses**

The Funds will pay costs and expenses designated in the Governing Documents as expenses to be borne by the relevant Fund. Expenses borne by a Fund (and as a result, the Investors) can be substantial and will reduce returns to Limited Partners. Please refer to each Fund's Governing Documents for a more complete description of the expenses permitted to be borne by the Fund.

From time to time, a Fund will pay an expense or obligation common to multiple Vista Funds and/or co-investors (e.g., legal expenses for a transaction in which multiple Vista Funds and/or co-investors participate) and be reimbursed by the other Vista Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Vista Funds and/or co-investors for use of the facility.

Limited Partners in a Credit Fund indirectly bear expenses associated with the Fund based on the Investor's pro rata commitment to the Fund and as further set forth in the applicable Governing Documents of the Funds. In addition to the Management Fee and subject to the provisions set

forth under the heading “Management Fees” above, the Funds will pay all other costs and expenses of the applicable Fund, or reimburse the General Partner (or any affiliate thereof), for all other fees, costs, expenses, liabilities and obligations (referred to collectively in this definition as “costs”) that are not reimbursed by portfolio companies or potential portfolio companies (which reimbursements may be for travel and travel-related expenses, lodging, premium meals, social and entertainment events (with portfolio company management, customers, clients, borrowers, brokers and service providers), and any other out-of-pocket expenses incurred in connection with the sourcing, investigation, developing, researching, making, monitoring and/or disposing of portfolio company investments, including follow-on investments and refinancings, co-investments, and, where applicable, including expenses that would have been allocable to co-investment vehicles or other co-investors, expenses incurred in connection with the disposition of investments (including closing, execution, and other transaction costs), expenses and fees generated in the course of organizing, maintaining, administering, restructuring, operating, and negotiating joint venture arrangements), including all fees, costs, expenses, liabilities, and obligations relating to the Fund’s and/or its subsidiaries’ activities, investments, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or a potential portfolio company), including: (i) all costs, expenses, liabilities and obligations relating to or attributable to sourcing, identifying, developing, diligencing, structuring (including costs related to the organization or maintenance of (A) non-U.S. entities established to hold the Fund’s investments for tax purposes and (B) any intermediate entities), organizing, acquiring, originating, managing, operating, monitoring, holding, valuing, winding up, liquidating, dissolving, and disposing of the Fund’s investments or potential investments (including interest or fees on money borrowed by the Fund or VCP, its affiliated advisers, the ultimate general partner, or General Partner on behalf of the Fund, organizational expenses of the General Partner, expenses incurred in connection with identifying, diligencing, negotiating, entering into, monitoring or repayment of credit facilities (including subscription facilities), costs of portfolio tracking facilities, debt service fees, origination fees, registration fees and expenses and related expenses and brokerage, finders’, custodial, and other costs); (ii) legal, accounting, auditing, administration, valuation, custodian, depositary and out of pocket costs, if any, associated with any third-party examination, audits, inquiry, investigation, settlement, or review of the Fund or an Affiliate that are attributable to the operation of the Funds, asset and financial administration, custodian, depositary (including costs related to appointments or changes of any depositary appointed pursuant to the Alternative Investment Fund Managers Directive (“AIFMD”)), costs related to appointments or changes of the Swiss representative and paying agent (pursuant to the Swiss Collective Investment Schemes Act and Financial Services Act 2018 (as amended)) and any other costs for services required under applicable non-U.S. law or regulation in connection with the marketing or sale of interests in the Fund, insurance (including directors and officers, errors and omissions liability, fidelity bond, management liability, data protection, cybersecurity, representation and warranty liability and crime coverage, and all deductibles, premiums and charges in connection with the maintenance thereof), litigation, arbitration, and indemnification costs, judgments and settlements, consulting (including consulting and retainer fees and other compensation paid to consultants performing investment initiatives and other similar consultants and, to the extent not otherwise paid by a portfolio

company, fees paid to any Value Creation Team Professional or to VCG or its members, employees, or other person engaged by VCG for consulting services, including investment diligence, research, analysis, turnaround or workout consulting and providing services related to environmental, social, and governance (“ESG”) investment considerations and policies), brokers, finders’, financing, valuation, appraisal (including, without limitation, the costs of any third-party valuation agents or pricing services), filing, printing, title, transfer, registration, loan agency services (including any third party service providers related to the foregoing) and other fees and expenses, research (including data and information service subscriptions, related systems and services from data providers and data management software), administration (including compliance costs incurred in connection with any anti-money laundering laws and regulations, any third-party administrator and administration, tracking or reporting software or services, if any (including ESG tracking tools, reports or assessments, maintaining the books and records of the Fund and related internal costs that the Fund may incur to produce any such books and records or external costs for a third-party administrator to maintain and oversee the Fund’s books and records)), advisory, tax and other professional services, third-party diligence software and service providers, subject and industry-matter experts, information technology system expenses (including the costs of developing, implementing and maintaining computer software and hardware specific to the affairs of the Fund and research-related and market data costs, including portfolio management systems, news and quotation equipment and other technological systems for the benefit of the Fund, the limited partners, or a portfolio company or potential portfolio company) and other costs (including those associated with the preparation or distribution of the Fund’s financial statements, asset valuations, tax returns, tax estimates, and Schedule K-1s or any other administrative, regulatory, or other Fund-related reporting or filing, including any regulatory filings as they relate to a Fund’s activities, out-of-pocket costs, if any, associated with any third-party examination or audits (including similar services) of a Fund or Vista or an affiliate that are attributable to the operation of such Fund or requested by one or more Limited Partners and the Fund’s, General Partner’s and the ultimate general partner’s registered office fees and filing in the Cayman Islands or the State of Delaware); (iii) unreimbursed costs incurred in connection with any Transfer or proposed Transfer contemplated by the Governing Documents or any limited partner’s name change, internal restructuring or change in trust, registered agent or custodian; (iv) compliance with any Foreign Account Reporting Requirements and any similar laws, rules and regulations, including the OECD Standard for Automatic Exchange and Financial Account Information – Common Reporting Standard, and any costs of any third-party service providers and professionals related to the foregoing; (v) any activities with respect to protecting the confidential or non-public nature of any information or data, including confidential information (including any costs incurred in connection with the EU Data Protection Law or FOIA); (vi) costs of the LP Advisory Committee (as defined below) (including set-up costs, speaker fees, honorarium, dining, entertainment, travel, and travel-related expenses) as well as other LP Advisory Committee expenses (including legal counsel, accountants, auditors, financial advisors or any other advisors or experts retained to assist the LP Advisory Committee and other expenses incurred in connection with LP Advisory Committee action; fees paid to third-party valuation agents for valuations, appraisals, or pricing services; administration expenses (including maintaining the books and records of a Fund, including any related internal costs that VCP may incur to produce any such books and records

or external costs for a third-party administrator to maintain and oversee a Fund's books and records); research expenses (including an allocable portion of 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, including data and information service subscriptions, related systems and services from data providers and data management software; third-party diligence software and service providers; subject and industry-matter research and experts; information technology system expenses (including the costs of sourcing, developing, implementing and maintaining computer software and hardware and other technological systems for the benefit of a Fund, the Investors, or a portfolio investment or potential investment, which includes specialty and custom software); (vii) all fees, costs, expenses, liabilities, and obligations incurred by the Fund, the General Partner, any other VCP person relating to investment and disposition opportunities for the Fund not consummated (including legal, accounting, auditing, insurance, consulting, brokerage, finders', financing, appraisal (including the costs of any third-party valuation agents or pricing services), filing, printing, real estate title, survey, reverse breakup, termination, and any other fees associated with terminating any proposed investment in which the Fund does not actually invest, litigation, indemnification, judgments and settlements, if any, and other costs), and including for the avoidance of doubt costs related to investment and disposition opportunities that may have been offered to co-investors if such investment and disposition opportunity were consummated to the extent (A) those co-investors are not contractually committed to bear such costs and (B) the Fund receives the benefit of any breakup fees otherwise allocable to such co-investors in connection with such unconsummated investment opportunity; (viii) all out-of-pocket costs incurred by the Fund, the General Partner or any other Vista person in connection with the annual and other periodic (if any) meetings of the Limited Partners and any other conference or meeting with any Limited Partner(s) (including set-up costs, speaker fees, honorarium, other related expenses); (ix) the Management Fee; (x) any taxes, fees, and other governmental charges levied against the Fund except to the extent such amounts are reimbursed by a partner or treated as distributed to a partner pursuant to the relevant partnership agreement) and any costs of or related to the "partnership representative" of the Fund or any other related "designated individual"; (xi) Placement Fees (as defined in the applicable Governing Documents); (xii) costs, charged or specifically attributed to or allocated by the General Partner, VCP or their respective affiliates to provide in-house legal, administrative, accounting, finance, tax, capital markets, compliance, ESG or other similar services to the Fund and/or portfolio companies, and costs incurred by the Fund, the General Partner, VCP, or their respective affiliates in connection with the provision of such in-house services, including, without limitation, compensation and other overhead allocable to such in-house services (based on such metric as the General Partner or its affiliates determine in good faith (which metric may change over time)); (xiii) costs that are classified as extraordinary expenses under GAAP (such as litigation, indemnification, judgments and settlements, if any); (xiv) the costs associated with any amendments, modifications, revisions, or restatements to the Governing Documents of a Fund; all costs incurred in connection with the organization, management, operation, dissolution, liquidation and final winding-up of any alternative investment vehicles; (xv) any regulatory related costs associated with reporting, filing or other compliance requirements contemplated by the AIFMD (excluding expenses associated with the initial registrations, filings and compliance contemplated

by the AIFMD which all fall within Organizational Expenses) or any other similar law, rule or regulation (including any implementing law, rule or regulation relating thereto) (excluding, for the avoidance of doubt, the fees and expenses related to the preparation and filing of Form PF, Form ADV, and any other registration or filing obligations not directly related to the Fund); (xvi) all costs associated with operating any applicable feeder vehicle that invests all or substantially all of its assets in the Fund to the extent not borne by such feeder vehicle, including all expenses associated with its management, operations, winding-up, liquidating, and dissolution and with preparing and distributing such feeder vehicle's financial statements, tax returns, and feeder vehicle limited partner reports, including expenses related to preparing, printing, and distributing investor reports physically or electronically (including software used to distribute such reports), but not including any excess income based or similar taxes, fees or other governmental charges levied against such feeder vehicle; (xvii) any travel, lodging, meals, entertainment or related costs relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xviii) any organizational expenses; (xix) costs associated with portfolio and risk management; (xx) costs associated with organizing and managing any subsidiary; (xxi) all costs attributable to amendments to, and waivers, consents or approvals pursuant to Governing Documents of the Fund, any intermediate entity, the General Partner and any related entities and any alternative investment vehicle of the Fund, including those VCP considers to be necessary or desirable to comply with the provisions of the AIFMD, including the preparation, distribution and implementation thereof; and (xxii) any other costs approved by the LP Advisory Committee, expenses incurred in connection with complying with the provision of investor side letter agreements (including "most favored nation" provisions) and any associated software or technology to assist in the compliance therewith; and all expenses and costs attributable to amendments to, and waivers, consents or approvals pursuant to, the Governing Documents of the Fund, the General Partner and related entities and any alternative investment or feeder vehicle of the Fund (including the preparation, distribution and implementation thereof).

Generally included in the expenses permitted to be borne by a Fund are the fees, costs, expenses, liabilities, and obligations of legal counsel, consultants, and/or other service providers to procure, develop, establish, review, revise, customize, upgrade and/or negotiate relationships relating to the foregoing items, which generally are expected to be significant. In certain cases, these, or similar expenses (and/or Other Fees (as defined below)) are expected to be charged to portfolio companies, capitalized into the cost basis of a transaction or, to the extent necessary or desirable for operational, administrative, tax or other reasons, charged at the level of an intermediate holding company between the relevant Fund and the portfolio company. The General Partner reserves the right to agree with joint venture or similar partners, service providers, lenders, portfolio company management or other persons that all or a portion of certain expense reimbursements, payments or other amounts owed to such persons relating to one or more investments will be paid in the form of a profits interest granted in the relevant investments or related intermediate entities. While such an arrangement could be more favorable to the relevant Fund if the investment does not increase in value, in the event of appreciation in the relevant investment any such profits interest generally would have a dilutive impact on the Fund's

investment, as well as the potential to result in economic gains to the recipient greater than the original amount of compensation.

Each Fund also generally will bear the costs of implementing, monitoring, and complying with investment guidelines and directives relating to the Fund's strategy, including in side letters relating thereto, and (where applicable) ESG and other standards to which the relevant General Partner has committed in making investments on behalf of the Fund. Additionally, subject to the Governing Documents, a Fund typically will bear certain unreimbursed expenses of portfolio companies and intermediate holding vehicles through which the Fund invests.

As used throughout this Brochure, "travel and travel-related" expenses shall be deemed to include, without limitation, commercial and non-commercial transportation costs (including private or chartered, first class, or business class travel, and premium car service), lodging, and accommodations.

In the event that VCP determines to structure a Fund's investment using a blocker corporation (or other structure), all costs, expenses and reductions in proceeds that the General Partner determines are attributable to such blocker corporation (or other structure), including those related to operation, winding-up, dissolution and liquidation of, and all taxes incurred in connection with, related to or imposed on, such blocker corporation (or other structure), will generally be borne solely by the Limited Partners investing through such blocker corporation (or other structure).

### ***Co-Investment Vehicle Fees and Expenses***

VCP permits certain Investors to co-invest in portfolio companies alongside one or more Funds, or through one or more co-investment vehicles, subject to VCP's related policies and practices and the relevant Governing Documents and/or side letters. If a proposed transaction is not consummated and no co-investment vehicle is formed, or a co-investor is not admitted to a vehicle that is formed, the full amount of expenses relating to such proposed but unconsummated transaction would be borne by the Fund or Funds selected by VCP as proposed Investors for such proposed transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments, and other expenses). If a co-investment vehicle is formed, a co-investor has been admitted to the vehicle and such vehicle is fully permitted to participate in such transaction, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds, although, from time to time, the Fund alongside which a co-investment vehicle is investing generally will bear such costs directly or indirectly. To the extent co-investment vehicles or similar entities are formed in connection with a proposed transaction that is not consummated, including a transaction for which a co-investment was believed necessary in order to consummate such transaction, all broken deal expenses relating to the unconsummated transaction (including reverse termination fees, extraordinary expenses such as litigation costs and judgments, and other expenses) are likely to be borne entirely by the Funds, and not by any (i) prospective co-investors that were to have participated in such transaction or (ii) actual co-investors, in case of a transaction that was only partially syndicated, depending on the terms of the agreement with such co-investors. As a result, such

costs are typically borne by the Fund or Funds selected by VCP as proposed investors in such proposed transaction, which will result in such Fund or Funds bearing more than its pro rata share of such unconsummated transaction costs. In many cases, no co-investment vehicle will have been formed at such time. Similarly, co-investment vehicles are not required to be allocated any share of break-up fees paid in connection with such an unconsummated transaction. To the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such planned transaction, and such vehicle is fully permitted to participate in such transaction, such vehicle generally will bear its share of such broken deal expenses where permitted by such vehicle's governing documents. To the extent the Fund makes use of a credit facility to invest in a portfolio company or pay related expenses, it generally will not be reimbursed separately by co-investors for use of the facility.

Costs associated with proposed but unconsummated transactions are expected to include, without limitation, legal, accounting, advisory, consulting or other third-party expenses (including amounts payable to third parties), any travel and travel-related expenses, 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, or topping, termination, 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 investment entities, or other similar fees, extraordinary expenses such as litigation costs and judgments and other expenses, and any deposits or down payments of cash or other property that are forfeited in connection with a proposed investment that is not consummated.

The Management Fees, Carried Interest, as well as other fees and expenses borne by Investors in VCP's co-investment arrangements are described in the Governing Documents of the relevant vehicles. VCP and its affiliates have discretion to (i) receive performance-based compensation, investment advisory fees, disposition fees or other similar fees from co-investors and (ii) collect customary fees in connection with actual or contemplated investments that are the subject of co-investment arrangements.

Any co-investment vehicle may, in certain instances, be contractually required to purchase and sell certain investment opportunities at substantially the same time and substantially the same terms as the applicable Vista Fund that is invested in that investment opportunity as set forth in such Vista Fund's Governing Documents. However, from time to time, for strategic and other reasons, a co-investment vehicle will purchase a portion of an investment from one or more Vista Funds after such Vista Funds have consummated their investment in the portfolio company (also known as a post-closing sell-down or transfer), which generally will have been funded through Fund Limited Partner capital contributions and/or use of a Vista Fund credit facility and/or use of bridge financing. Moreover, Vista may cause a Vista Fund to use a third-party to warehouse a portion of an investment to later be syndicated or sold to a co-investor or co-investment vehicle. Any such purchase from a Vista Fund by a co-investor or co-invest vehicle generally occurs

shortly after the Vista Fund's completion of the investment to minimize any changes in the valuation of the investment, but in certain instances could be well after the Vista Fund's initial purchase. The co-investor or co-invest vehicle has been and may in the future (but is not always required to) be, charged interest on the purchase to compensate the relevant Vista Fund for the holding period, and may be required to reimburse the relevant Vista Fund for related costs. To the extent such co-investor or co-investment vehicles are not charged such interest or do not reimburse for such costs, the Vista Fund is expected to bear such costs. Moreover, if a Vista Fund utilizes a third-party to warehouse the investment, the Vista Fund may ultimately bear any fees and costs related to the use of the third-party warehousing facility in the event that the third-party facility is unable to ultimately syndicate the investment to a co-investor or co-investment vehicle. See "Risk Factors - Warehousing and Syndication of Investments" below for additional information related to use of warehousing of investments.

From time to time, certain of the 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.

### ***Special Purpose Vehicle Expenses***

From time to time, the General Partner of a Fund creates certain "special purpose vehicles" or similar structuring vehicles for purposes of accommodating certain tax, legal, and regulatory considerations of Investors ("SPVs"). In the event the General Partner creates an SPV, consistent with the Governing Documents of the applicable Fund expenses related to its organization and formation and other expenses incurred solely for the benefit of the SPV will typically be borne by the SPV, and indirectly the investors thereof. In addition, expenses of the types borne by a Fund but associated with any feeder fund or similar vehicle organized to facilitate the participation of certain Investors in the Fund (including, without limitation, expenses of accounting and tax services) will typically be borne by the Fund and indirectly, the investors thereof (even if such investors do not participate in any such feeder fund or similar vehicle), including all expenses associated with its management, operation, winding-up, liquidating and dissolution.

### ***Other Fees***

Vista and its affiliates are expected to earn directors' fees, origination fees, agency fees, monitoring fees, arrangement fees, structuring fees, consent fees, amendment fees, syndication fees, commitment fees, transaction or closing fees, break-up fees as well as fees and/or compensation for services including advising on, valuing, structuring, negotiating and arranging for financing for transactions, in addition to other similar fees in connection with the provision of capital for investments (collectively, "Other Fees"). The Management Fee payable by a Limited Partner will generally be reduced by an amount equal to 100% of such Limited Partner's pro rata share of Other Fees to the extent received and retained by the applicable General Partner, VCP or their affiliates in connection with the relevant Fund.



In certain circumstances, one or more co-investors or co-syndicators are likely to have different contractual, policy, or similar obligations with respect to Other Fees, and accordingly, VCP or its affiliates may receive Other Fees attributable to such persons on a different (and potentially more favorable) basis than Other Fees attributable to a particular Fund.

Further, VCT (including VCG, an affiliate of Vista) and members thereof are entitled to receive fees from portfolio companies or Funds related to consulting, management, due diligence, and other services ("VCT Fees"). In general, VCT's services are being provided to implement and install the Vista Best Practices and/or to provide specific shared business services at particular portfolio companies or prospective portfolio companies of the Funds. VCT Fees may be structured in various ways including as an annual fee, retainer, consulting fee (e.g., time and materials), subscription fee, success fee, or on a project-basis. VCT Fees are generally paid in exchange for services that the portfolio companies, prospective portfolio companies, or Funds would otherwise need to engage third-party providers to perform. Unlike the Other Fees described above, each of which are shared with the Funds and their Investors through reductions or offsets against Management Fees, VCT Fees are retained by VCT and are in addition to the Management Fee paid by the Funds to Vista, and, subject to certain limitations in the Funds' Governing Documents, fees received by VCT are generally not subject to a Management Fee offset. Notwithstanding the foregoing, the Governing Documents of certain Funds provide for the maximum amount of VCT Fees eligible to be charged to a portfolio company per year, the excess of which needs to be applied as a Management Fee offset.

VCG intends to operate at or near break-even, as assessed on an annual basis by Vista, but given the lag in determining break-even status at the end of a year compared to establishing rates at the beginning of the year, VCG may not always be operated at a break-even status.

From time to time, VCP will (in its sole discretion) agree to pay a portion of Other Fees (received from an actual or prospective portfolio company) to a third party ("Third-Party Fee"), such as a consultant, advisor, finder, broker, and/or investment bank. In such event, the Third-Party Fee is not a fee that VCP is entitled to retain and therefore, VCP is not required under the terms of the applicable Governing Documents to share such Third-Party Fee with the Funds.

### ***Management Fee Offsets***

The Management Fees for the Credit Funds are offset, partially or fully, as detailed within each of the respective Funds' Governing Documents, by fees including, but not limited to, closing fees, investment banking fees, commitment fees, break-up fees, litigation proceeds from transactions not consummated, arrangement fees, structuring fees, consent fees, amendment fees, syndication fees, directors' fees, origination fees, certain transaction fees, consulting fees (which are in addition to the VCT Fees described above), placement agent fees, monitoring fees, or similar fees from portfolio companies in a Fund or prospective portfolio companies for services provided by VCP. In certain Credit Funds, the Management Fee offset may include a portion of the VCT Fees related to VCT services provided to the portfolio companies or prospective portfolio

companies in the Credit Funds if they are charged in excess of an agreed upon amount per annum.

The amount and manner of such reduction, if any, is set forth in the Advisory Agreement and/or Governing Documents of the applicable Fund. To the extent a reduction relates to more than one Fund or Vista Funds, VCP shall allocate the resulting Management Fee reduction among the applicable Fund(s) in proportion to their interest (or prospective interest) in the portfolio company. As some Funds may not pay Management Fees, any such reduction will not benefit such Funds and VCP will retain such amounts not offset. Generally, the portion of Other Fees allocable to capital invested by a Fund, co-investment vehicle, or third-party Investor that does not pay Management Fees, or to capital committed by a Fund investor that does not pay Management Fees, will be retained by VCP and such amounts will not offset any Management Fee. Further, VCP will not offset compensation received from outside sources, such as residual employee board seats at entities that are no longer Fund portfolio companies.

Portfolio companies of the Equity Funds and the Perennial Fund pay arranger fees in connection with debt issued by such portfolio companies. In instances where one or more Credit Funds participate in such debt issuance, the participating Credit Fund(s) have and may in the future receive their pro rata share of arranger fees or other economics and such fees will not offset any Management Fee of the Credit, Equity, or Perennial Funds.

### ***Carried Interest Payments***

Please see Item 6 below regarding “Carried Interest” that the Funds may pay.

### ***Brokerage Fees***

The Credit Funds may utilize broker-dealers to trade in debt instruments on the secondary market and incur related costs. Certain of the Funds’ Governing Documents permit VCP or its applicable affiliates to receive offering, placement, syndication, underwriting, solicitation or similar fees, commissions, or other transaction-based compensation in connection with services provided by an affiliate registered broker-dealer to the applicable Fund or its current portfolio companies or prospective portfolio companies. Such fees would generally not offset any Management Fees. Although VCP has not formed or historically utilized a registered broker-dealer affiliate to provide such services or received such fees, VCP reserves the right to do so in accordance with the Funds’ Governing Documents. For additional information regarding brokerage practices, please see Item 12 below.

## **ITEM 6: PERFORMANCE-BASED FEES AND SIDE-BY-SIDE MANAGEMENT**

As indicated in Item 5 above, certain of the Funds pay performance-based fees, including the payment of carried interest (“Carried Interest”), which vary across the Funds. The Funds expect

to charge Carried Interest on all distributions subject to certain preferred returns, as more fully described in the relevant Governing Documents, which is allocated to the relevant Fund's General Partner. The Carried Interest distributed to the relevant Fund's General Partner is subject to potential clawback at the end of life of the Fund if the General Partner has received excess cumulative distributions as provided in the relevant Governing Documents. The precise amount of, and the manner and calculation of, Carried Interest is detailed in each applicable Fund's Governing Documents. Carried Interest paid by a Fund are indirectly borne by the Investors. Performance-based fees differ from one Fund to another, as well as among Investors in the same Fund. Certain Funds and investors in such Funds (including Funds affiliated with VCP Investors and Adviser Personnel (defined below)) incur lower or no Carried Interest.

The payment of Carried Interest by some, but not all Funds, and the payment at varying rates creates an incentive for VCP to disproportionately allocate time, services, or functions to Funds paying Carried Interest, or the Funds paying Carried Interest at a higher rate, or to allocate investment opportunities to such Funds. Generally, and except as may be otherwise set forth in the Governing Documents of the Funds, this conflict is mitigated at least in part by (i) certain limitations on the ability of VCP to establish new investment funds; (ii) contractual provisions requiring certain Funds to purchase and sell investments contemporaneously; and/or (iii) contractual provisions or procedures setting forth investment allocation requirements. Further, the existence of performance-based fees has the potential to create an incentive for the General Partner to make more speculative portfolio investments on behalf of a Fund than it would otherwise make in the absence of such a performance-based arrangement, although VCP generally considers performance-based compensation to better align its interests with those of its Investors, particularly in instances where the Governing Documents include terms requiring clawback or giveback of performance-based compensation amounts at the end of the relevant Fund's life or at certain interim intervals. VCP has established procedures to address these potential conflicts of interest to ensure that transactions and investment opportunities are allocated to the Funds on a fair and reasonable basis and in accordance with each Funds' investment guidelines and Governing Documents.

Carried interest is subject to modification, waiver, or reduction in VCP's sole discretion. VCP, its affiliates and certain of its professionals or others who are not employees of VCP or its affiliates, but who have a pre-existing business relationship with VCP may invest alongside a Fund. Fees assessed, including Carried Interest and Management Fees, have been and may be in the future substantially reduced, or as is more typical, waived altogether for these Investors.

Please also see Item 11 below regarding allocation for additional information relating to how conflicts of interests are generally addressed by VCP.

## ITEM 7: TYPES OF CLIENTS

VCP currently generally provides investment supervisory services to its Fund clients, and references throughout this Brochure to "clients" and to VCP's related duties to and practices on

behalf of its clients and/or investors should be construed accordingly. Investment advice is provided directly to the Funds (subject to the direction and control of the General Partner of each such Fund, if applicable) and not individually to Investors in such Fund. VCP also provides advisory services directly to institutional investors.

Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act. Investors in the Funds are generally “qualified purchasers” as defined in the 1940 Act, and include U.S. and non-U.S. corporations, endowments, estates, foundations and university endowments, banks or thrift institutions, state or municipal government entities, government-owned investment entities, high-net-worth individuals, corporate and state pension and profit-sharing plans, Taft-Hartley plans, pooled investment vehicles and trusts, and include, directly or indirectly, principals or other employees of Vista. Interests in the Funds are offered pursuant to applicable exemptions from registration under the Securities Act and the 1940 Act.

Investors in the Funds are requested to refer to the Governing Documents of the applicable Fund for complete information on the minimum investment requirement for participation in that Fund. VCP does, however, maintain discretion to individually waive, increase, or reduce the minimum investment commitment required for any of its Funds (and has done so in the past).

## ITEM 8: METHODS OF ANALYSIS, INVESTMENT STRATEGIES, AND RISK OF LOSS

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

The Credit Funds’ principal focus is to originate and/or to invest in senior or subordinated debt, structured equity, preferred equity or other interests senior to common equity as well as equity securities (or rights to acquire equity securities) acquired in connection with debt financing, structured equity and/or preferred equity transactions in management buyouts, recapitalizations, and other opportunities in enterprise software, data, and technology-enabled businesses, including companies owned by the Equity Funds and/or the Perennial Fund. The Credit Funds provide debt financing for new platform investments, add-on acquisitions, refinancing, and recapitalization transactions, and to make opportunistic investments through both direct lending and in open market purchases. Certain Credit Funds are collateralized loan obligation vehicles. The terms of the Credit Funds’ investments will depend on the facts and circumstances of the transaction, the market and opportunity for that type of debt or equity financing, and the credit attributes of a particular company. The Credit Funds may be the sole source of debt financing in certain transactions for companies where Vista does not have control, or the Credit Funds may acquire no more than 49% of a debt tranche in companies where Vista has a control equity investment. The Credit Funds will generally target specific enterprise software, data, and technology enabled companies with some or all of the following attributes: mission critical products and solutions, high levels of recurring revenues, strong profitability, robust capital

structure, established and diversified customer bases, strong customer retention, and/or strong competitive positioning.

VCP's investment team evaluates the credit-worthiness of potential investments, including, without limitation, if applicable for certain transactions that are generally not broadly syndicated and do not trade in a primary or secondary market, by from time to time, working with the Vista Equity Funds' and the Perennial Fund's investment teams (subject to certain information sharing controls) to incorporate and leverage any prior experience with the company, industry knowledge, and expertise. The Credit Funds benefit from the Vista Equity Funds' and Perennial Fund's network and database of contacts. VCT (including VCG) personnel are also involved in investment diligence on certain prospective borrowers/issuers evaluated by the Credit Funds and provide post-investment consulting services to certain companies invested in by the Credit Funds.

The Credit Funds from time to time may have an opportunity to invest in the debt and/or equity instruments of companies that the Equity Funds or Perennial Fund acquire and/or make an equity or debt investment in. The Credit Funds also leverage Vista's relationships, reputation, credibility, and domain expertise to source unaffiliated investment opportunities from arrangers, investment banks, and other private equity sponsors that acquire and/or manage software businesses. Through Vista's deal pipeline, the Credit Funds may also have the opportunity to evaluate deal opportunities in which Vista does not ultimately make an equity control investment, subject to certain restrictions on information sharing between the Credit Funds team, on one hand, and the Equity Fund and Perennial Fund teams on the other.

VCP has a Credit Investment Committee that maintains responsibility for overseeing the Credit Funds' investment-related activities and approving certain investment decisions made on behalf of the Credit Funds.

All new potential investments pursued by the Credit Funds will be initially screened by a credit investment team member who will confirm fit with the Credit investment strategy, and viable opportunities will be assigned to a credit investment team. The credit investment team will review available materials and conduct an initial credit assessment, including identification of strengths, potential risks and mitigants, key questions and evaluation of the structure to support a decision to decline or move forward to perform more detailed diligence and analysis.

Once due diligence is completed, VCP's investment team will prepare a final credit memorandum that summarizes the findings and makes a recommendation for approval by the Credit Investment Committee. The Credit Investment Committee has established a framework whereby investment approval authority requirements are scaled to the perceived risk profile of the underlying opportunity and/or the scenario for which approval is being sought.

## **Risk Factors**

Investing in the Funds VCP manages entails a high degree of risk and, therefore, should be undertaken only by investors capable of evaluating and bearing certain risks including the

possibility of partial or total loss of capital. Investors must be prepared to bear capital losses which might result from investments. In addition, there will be occasions when VCP or its affiliates encounter potential conflicts of interest in connection with the activities of a Fund.

Investors are urged to carefully review the risk factors set forth in each Fund's Governing Documents, which include a more complete description of risk factors associated with an investment in such Fund. In addition to those risk factors, a Limited Partner should also carefully review the risks and potential conflicts that include, but are not limited to, the following:

### ***General Risks***

#### **Reliance on VCP and Portfolio Company Management Teams**

While VCP investment professionals and VCT members (including VCG personnel) will devote that portion of their time to the affairs of a particular Fund as they believe is necessary for the proper performance of their duties, they will likely devote substantial amounts of time to other investment activities of VCP (and for VCT members, other investment activities of Vista). Such activities are likely to require those individuals to devote substantial amounts of their time to matters unrelated to the business of that particular Fund, including VCP's or Vista's existing or future portfolio of investments, which is likely to pose conflicts in the allocation of VCP's resources. Each portfolio company's day-to-day operations will be the responsibility of such company's management team. Although VCP will be responsible for monitoring the performance of each portfolio investment including its credit-worthiness and the Funds seek to invest in companies operated by strong management, there can be no assurance that the existing management team, or any successor, will be able to operate the portfolio company successfully. The success of many of VCP's portfolio companies is heavily dependent on the management of such companies.

The General Partners will have exclusive responsibility for the Funds' activities, and other than as expressly set forth in the relevant Governing Documents, Limited Partners will not be able to make decisions with respect to the acquisition, management, disposition or other realization of any investment, or other decisions regarding the conduct of the Funds' business and affairs. The General Partners will be solely responsible for making all investment decisions on behalf of the Funds, and the Funds' future profitability will depend largely upon the business and investment acumen of VCP principals. There is an ever-increasing competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants for hiring and retaining qualified investment professionals. There can be no assurance that the VCP principals will remain with VCP. There can be no assurance that the VCP principals will not be solicited by and join competitors or other firms or that VCP will be able to hire and retain any new personnel or add to its roster of investment professionals. The loss of the services of any one or more of the principals could have an adverse impact on the Funds' ability to realize their investment objectives. In addition, certain changes in the General Partner or circumstances relating to the General Partner may have an adverse effect on the Funds or one or more of their portfolio companies including potential acceleration of debt facilities.

## **The Ability of the Investment Team to Source and Select Attractive Investment Opportunities**

Identifying and completing attractive investments is highly competitive, reducing the number of investment opportunities available to a Fund and/or adversely affecting the terms upon which investments can be made. VCP will be competing with other similar investors and with financial institutions for investments. There can be no certainty that VCP will be able to identify and complete a sufficient number of attractive Fund investments to meet client investment objectives or enable the full amount of capital committed to a Fund to be invested. In addition, the Funds are permitted to make debt investments in companies with varying degrees of leverage which involve a higher degree of risk.

## **Dynamic Investment Strategy**

While each General Partner generally intends to seek attractive returns for a Fund through the investment strategy and methods described herein, the relevant General Partner is permitted to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process, or investment techniques to the extent it determines such modification or departure to be appropriate and consistent with the relevant Governing Documents. A General Partner is permitted to pursue investments outside of the industries and sectors in which Vista has previously made investments or has internal operational experience.

## **Concentration of a Fund's Investments in the Software Industry**

VCP expects that the Funds' portfolio investments will be concentrated in the software sector. Concentration in a single industry involve risks greater than those generally associated with diversified across businesses, including significant fluctuations in returns. Enterprise software companies serve virtually every vertical market. The vertical market focus of such companies is a core reason for their stability and longevity, as these businesses offer their customers unique, industry specific capabilities typically not available from general purpose software vendors or new technology startups. The software industry is, however, challenged by various factors, including rapidly changing market conditions and/or participants, new competing products, changing consumer preferences, short product life cycles, services and/or improvements in existing products. The Funds' portfolio companies will compete in this potentially volatile environment. There is no assurance that products or services sold by the portfolio companies will not be rendered obsolete or adversely affected by competing products and services or that the portfolio companies will not be adversely affected by other challenges. Instability, fluctuation or an overall decline within the enterprise software industry will likely not be balanced by investments in other industries not so affected or affected in the same manner. In the event that the enterprise software sector as a whole declines, there is increased likelihood that such companies may default on their debt obligations, including investments made by the Fund. The software sector as a whole is highly cyclical. Companies require software to operate their businesses without regard to other market conditions. Further, a Fund may be concentrated in a limited number of investments, geographical regions, asset types, or sectors. To the extent a Fund concentrates its investments

in a particular issuer, industry, security, or geographic region, its investments may be more susceptible to fluctuations in value resulting from adverse economic, political, regulatory, and business conditions than investment portfolios that are more diversified. Other than as set forth in the Governing Documents, Investors have no certainty as to the investment diversification of a Fund.

In addition to the foregoing, because the Funds' investments generally will involve a high degree of risk in a potentially volatile environment, poor performance by even a single investment could materially affect total returns. If certain investments perform unfavorably, then in order for a Fund to achieve attractive returns, one or more of its other investments must perform very well, and there can be no assurance that this will occur.

### **Investing in Smaller or Less Established Companies**

The Funds are permitted to invest a portion of their assets in the loans to or securities of smaller or less established companies. Investments in such smaller or less established companies may involve greater risks than generally are associated with investments in larger or more established companies. Such companies are typically subject to a greater degree of change in earnings and business prospects than are companies with larger market capitalizations. In addition, such securities typically trade in lower volume and are more volatile than the securities of companies with larger market capitalizations. Therefore, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance.

### **Long Term Commitment; Illiquidity**

An investment in a Fund should be viewed as illiquid and requires a long-term commitment with no certainty of return. The market value of investments will fluctuate with, among other things, changes in market rates of interest, general economic conditions, economic conditions in particular industries, the condition of financial markets and the financial condition of the obligors of the investments. In addition, the lack of an established, liquid secondary market for some investments may have an adverse effect on the market value of those investments and on a Fund's ability to dispose of them. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. Furthermore, the expenses of operating a Fund (including the annual Management Fee payable to the relevant General Partner) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, without limitation, unfunded Commitments.

### **Future and Past Performance; Loss of Principal**

Although VCP has extensive investment experience generally, certain Funds and relevant General Partners are recently formed entities with minimal operating histories upon which to



evaluate the Funds' likely performance. There can be no assurance that the investments will achieve results similar to those attained by previous investments, the Funds and/or other Vista Funds.

### **Realization Timeline**

Although certain investments are expected to generate current income, a Fund's 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 Fund investments, paying down outstanding financing or changes in the market for debt obligations. Furthermore, the expenses of operating the Fund (including the Management Fee) may exceed its income, thereby requiring that the difference be paid from the Fund's capital, including, unfunded Commitments.

### **Investing in Private Small, Fast-Growing Companies**

Investment in private, growth-stage companies involves a number of significant risks. In some cases, the debt in which the Funds may invest in will not be initially rated by any rating agency; however, VCP believes that if such investments were rated, they would be below investment grade. Securities rated below investment grade are considered "high risk" and speculative in nature compared to debt instruments that are rated above investment grade. Compared to larger publicly owned companies, these companies may be in a weaker financial position and may experience wider variations in their operating results, which may make them more vulnerable to economic downturns. Typically, these companies need more capital to compete; however, their access to capital is limited and their cost of capital is often higher than that of their competitors. The Funds' portfolio companies will face intense competition from larger companies with greater financial, technical, and marketing resources and their success typically depends on the managerial talents and efforts of an individual or a small group of persons. Therefore, the loss of any of its key employees could affect a portfolio company's ability to compete effectively and harm its financial condition. Further, some of these companies conduct business in regulated industries that are susceptible to regulatory changes. These factors could impair the cash flow of our portfolio companies and result in other events, such as bankruptcy. These events could limit a portfolio company's ability to repay its obligations to the Funds, which may have an adverse effect on the return on, or the recovery of, the Funds' investment in these businesses. Deterioration in a portfolio company's financial condition and prospects may be accompanied by deterioration in the value of the Funds' investment in such portfolio company.

Some of these private, small companies cannot obtain financing from public capital markets or from traditional credit sources, such as commercial banks. Accordingly, loans made to these types of companies pose a higher default risk than loans made to companies that have access to traditional credit sources. In addition, investing in small, fast-growing, private companies involves a number of significant risks, including the following:

- these companies may have limited financial resources and may be unable to meet their obligations under their debt securities that the Funds hold. This failure to meet obligations may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Funds realizing any guarantees they may have obtained in connection with such investment;
- they typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions, market conditions, and general economic downturns;
- they often face intense competition, often from established companies with much greater financial, manufacturing, and technical resources, more marketing and service capabilities, and a greater number of qualified personnel;
- they are more likely to depend on the management talents and efforts of a small group of persons; therefore, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on such portfolio company and, in turn, on the Funds;
- to the extent there is ever a public market for the securities of these companies (which is rare), they may be subject to abrupt and erratic market price movements;
- they generally have less predictable operating results, may from time to time be parties to litigation, may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence, and may require substantial additional capital to support their operations, finance expansion, or maintain their competitive position; and
- they may have difficulty accessing the capital markets to meet future capital needs, which may limit their ability to grow or to repay their outstanding debt upon maturity.

### **Growth-Stage Companies; Reliance on Venture Capital**

The Funds may invest in growth stage companies. Overcapacity in high growth industries, together with cyclical economic downturns, may result in substantial decreases in the value of many growth stage companies and/or their ability to meet their current and projected financial performance to service their debt. Furthermore, growth stage companies also typically rely on venture capital and private equity investors, or initial public offerings, or sales for additional capital.

Venture capital firms in turn rely on their limited partners to pay in capital over time in order to fund their ongoing and future investment activities. To the extent that venture capital firms' limited partners are unable or choose not to fulfill their ongoing funding obligations, the venture capital firms may be unable to continue operationally and/or financially supporting the ongoing operations of the Funds' portfolio companies which could materially and adversely impact the Funds' financing arrangement with such portfolio companies.

These companies, their industries, their products and customer demand and the outlook and competitive landscape for their industries are all subject to change which could adversely impact their ability to execute their business plans and generate cash flow or raise additional capital that would serve as the basis for repayment of the Funds' loans. Therefore, the Funds' investments in growth stage companies may face considerably more risk of loss.

Additionally, growth-stage companies will often need additional equity financing or debt to satisfy their continuing working capital and other cash requirements and, in most instances, to service the interest and principal payments on the Funds' investment. Each round of venture financing is typically intended to provide a company with only enough capital to reach the next stage of development. The Funds cannot predict the circumstances or market conditions under which their portfolio companies will seek additional capital. It is possible that one or more of the Funds' portfolio companies will not be able to raise additional financing or may be able to do so only at a price or on terms unfavorable to the Funds, either of which would negatively impact the Funds' investment returns. Some of these companies may be unable to obtain sufficient financing from private investors, public capital markets or traditional lenders. This may have a significant negative impact if the companies are unable to obtain certain federal, state, or foreign agency approval for their products or the marketing thereof, of if regulatory review processes extend longer than anticipated, and the companies need continued funding for their operations during these times. Accordingly, financing these types of companies may entail a higher risk of loss than would financing companies that are able to utilize traditional credit sources more easily.

### **Investments in Private, Middle-Market Companies**

Investment in private, middle-market companies involves a number of significant risks. Generally, little public information exists about these companies, and the Funds will rely on VCP's ability to obtain adequate information to evaluate the potential returns from investing in these companies. If VCP is unable to uncover all material information about these companies, VCP may not make a fully informed investment decision, and the Funds may lose money on their investments. Middle-market companies may have limited financial resources and may be unable to meet their obligations under any loans in such companies that the Funds hold, which may be accompanied by a deterioration in the value of any collateral and a reduction in the likelihood of the Funds realizing the proceeds of any collateral or any guarantees VCP may have obtained in connection with the Funds' investment. In addition, such companies typically have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which tend to render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. Additionally, middle-market companies are more likely to depend on the management talents and efforts of a small group of persons. Therefore, the death, disability, resignation, or termination of one or more of these persons could have a material adverse impact on one or more of the obligors of investments that the Funds hold and, in turn, on the Funds. Middle-market companies also may be parties to litigation and may be engaged in rapidly changing businesses with products subject to a substantial risk of obsolescence. investment in middle-market

companies therefore involves a high degree of business and financial risk, which can result in substantial losses, and accordingly, should be considered speculative.

### **Competing Investments; Interaction of Portfolio Companies**

VCP reserves the right to make investments on behalf of itself and/or other VCP entities that are competitive to the companies that a Fund makes an investment in (for example, another Vista entity may invest in a portfolio company (in which, for these purposes, the Funds may have no interest) that competes with a portfolio company of the Funds). In providing advice and recommendations to, or with respect to, such investments and in dealing with such investments on behalf of such other Vista entities, to the extent not prohibited by law, VCP will not take into consideration the interests of the Fund, the Fund's portfolio companies and the investments. Accordingly, such advice, recommendations and dealings may result in adverse consequences to the Funds or their investments.

### **Restricted Nature of Investment Positions**

Generally, there will be no readily available market for a substantial number of each Fund's investments, and hence, most of a Fund's investments will be difficult to value. Certain investments are permitted to be distributed in kind to the partners of a Fund, and it may be difficult to liquidate the securities received at a price or within a time period that is determined to be ideal by such partners. After a distribution of securities is made to the partners, many partners may decide to liquidate such securities within a short period of time, which could have an adverse impact on the price of such securities. The price at which such securities may be sold by such partners may be lower than the value of such securities determined pursuant to a Fund's Governing Documents, including the value used to determine the amount of Carried Interest available to VCP with respect to such investment.

### **Limited Access to Information**

Limited Partners' rights to information regarding a Fund, the relevant General Partner and its affiliates or VCP generally will be specified, and in many cases strictly limited, by the Governing Documents. In particular, it is anticipated that the General Partner and its affiliates will obtain certain types of material information from or relating to a Fund's investments that will not be disclosed to Limited Partners because such disclosure is prohibited, including as a result of contractual, legal or similar obligations outside of VCP's control. Decisions by VCP or its affiliates to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example, a Limited Partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest. Decisions to withhold information may also make it difficult for a Limited Partner to monitor Vista and its performance. Additionally, it is anticipated that Limited Partners that designate representatives to participate on a Fund's LP Advisory Committee generally may, by virtue of such participation, have more or earlier information about a Fund and its investments in certain circumstances than other Limited Partners. Limited Partners generally will bear the expenses of responding to disclosure requests,

including in connection with state public records, similar freedom of information and other laws, whether or not the relevant Fund succeeds in asserting confidentiality for requested documents and other materials, and VCP reserves the right to withhold certain information from Investors subject to such laws for reasons relating to VCP's public reputation, business strategy or other reasons.

### **Material Non-public Information**

VCP or its affiliated persons will come into possession, from time to time, of material non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security. Under applicable law, VCP and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is an Investor in any fund or account managed or advised by VCP. Accordingly, should VCP or any of its affiliated persons come into possession of material non-public or other confidential information with respect to any public company, VCP and its affiliated persons would be prohibited from communicating such information, and VCP and its affiliated persons would have no responsibility or liability for failing to disclose such information to any Fund or Limited Partners as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of VCP's partners, officers, employees, as well as officers, employees, and other personnel of its affiliates and certain independent contractors (collectively, "Adviser Personnel") serving as directors of public companies and may restrict trading on behalf of funds or accounts managed or advised by VCP.

To partially mitigate the foregoing risks, Vista has established an information barrier policy between various business units within Vista, including VCP, which establishes certain information controls that, among other things, restricts communications between each of the business units. Consequently, while an investment team operating in one business unit is expected to have knowledge of information that could be pertinent to an investment and/or disposition decision of a Vista entity operating in another one of the business units, the investment professionals of the other Vista entity, including the Funds to the extent applicable, will not have access to such information due to the policy. Similarly, the receipt of material non-public information by one investment team would only restrict the operation of that business unit, and would not restrict other business units' operations. However, an information barrier would not restrict the flow of information that one business unit wishes to receive from another business unit, as that business unit can opt-out of the barrier in its discretion, subject to the restrictions on use of any material non-public information received as a result. Additionally, certain Adviser Personnel are considered "above the wall" and therefore exempt from the information barriers. As a result of this treatment and the resulting access to material non-public information, such personnel may be required to recuse themselves in connection with certain matters, which may impede the relevant Fund's investment program or operations. There can be no guarantee that informational barriers will be able to prevent all issues relating to the handling of material nonpublic information.

To the extent Vista shares information across the information barriers, the receipt of material non-public information will restrict all Funds and accounts managed or advised by Vista in receipt of the information. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Consequently, the possession of material non-public information by VCP, Vista or its affiliated persons may limit the ability to buy and sell investments in the relevant company by funds and accounts managed or advised by VCP. For further discussion, see also the Conflicts of Interest section below.

Furthermore, to the extent not restricted by confidentiality requirements or applicable law, Vista and VCP will apply experience and information gained in providing services to portfolio companies and other investments to provide services to competing portfolio companies and investments of VCP or other Vista Funds, which may have adverse consequences for a particular Fund.

In addition, Vista receives and generates various kinds of portfolio company data and other information, including in relation to and 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, costs data, and related data or information. Such information will also be periodically received in the ordinary course as a result of Adviser Personnel serving as directors of a public portfolio company and could cause the Fund to be restricted from transactions in the relevant portfolio company more often than if Adviser Personnel did not serve in such positions, which could have an adverse effect on Fund performance if VCP or Vista desired to engage in such transactions (including disposing of an investment in a timely manner). This information may, in certain instances, also include material non-public information received or generated in connection with efforts on behalf of a Fund's investment (or prospective investment) in a portfolio company. As described above, the receipt of such information may restrict a Fund from transactions in the relevant company. Further, data is expected to be aggregated across the Vista Funds and their respective portfolio companies and, in connection therewith, Vista is expected to serve as the repository for such data, including with ownership, use and distribution rights therein. Vista may also share data from a portfolio company of one Fund with a portfolio company of the same Fund or another Vista Fund. Vista 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. VCP has used and expects in the future in certain instances to use this information in a manner that provides a material benefit to VCP, its affiliates, or to other Vista Funds, including in identifying specific investment or business opportunities without compensating or otherwise benefitting such Fund, including in identifying specific investment or business opportunities. In addition, VCP may have an incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. VCP has in the past utilized and is likely in the future to utilize such information to benefit VCP, its affiliates or other Vista Funds in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances but does not intend to specifically disclose such conflicts to such Fund.

VCP or an affiliate from time to time is expected to sign nondisclosure agreements or other deal documentation in view of future participation by a Fund, although this typically is done as a courtesy and without compensation from a Fund.

### **Other Professional Services to the Fund and Portfolio Companies.**

Each Fund is expected to bear as Fund expenses an allocable portion of the compensation and expenses attributable to certain in-house legal, administration, accounting, finance, tax, compliance, ESG and other professionals employed by VCP or its affiliates in respect of services performed on behalf of the Fund, its investments and its portfolio companies. VCP will determine the cost of services performed by such in-house professionals in good faith and in its sole discretion. In allocating such expenses, VCP's methodologies may include requiring personnel, in a reasonable manner, to record and allocate their time on a routine basis to the Fund, its investments and its portfolio companies, or any other methodologies they determine to be fair and reasonable under the circumstances. Because VCP's in-house expense calculation and allocation processes rely on certain judgments and assessments that in turn are based on information and estimates from various inputs, the calculations and allocations that result may not be exact. In the future, VCP may use additional or different methods to allocate in-house expenses in a manner that it determines to be fair and reasonable.

### **OneVista**

Vista continues to evolve its engagement with the enterprise software sector and empower organizations to fuel their digital transformation efforts. In furtherance thereof, Vista launched the "OneVista" initiative to leverage the broad reach of the Vista platform and the network effect of its portfolio. Through OneVista, Vista and the VCT (including VCG) have sought, and will likely continue to seek, to identify and help facilitate synergies between and among its portfolio companies (including those held by different Vista entities) with the aim of enabling strategic partnerships and collaborations between and among such portfolio companies, thereby enhancing their respective go-to-market strategies. The OneVista team works with portfolio companies to facilitate sales opportunities. In connection therewith, the applicable participating Fund portfolio companies will bear fees, costs and expenses related to such efforts, including for success fees with respect to OneVista services. In certain circumstances, a portfolio company that is a member of the OneVista ecosystem will bear more than its proportionate share of the fees, costs, and expenses, as compared to other member portfolio companies. Further, some members of the OneVista ecosystem may derive greater benefits than other members in these arrangements, which would in turn confer greater benefits on some Vista Funds than other Vista Funds. There can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services or benefits at lesser cost. In facilitating the OneVista activities, Vista and its affiliates face potential conflicts of interest because although Vista and its affiliates intend to make recommendations that they believe are aligned with a portfolio company's financial and operational strategies and that they anticipate will enhance investment performance, Vista and its affiliates have an incentive to make such a recommendation because of its, or its affiliates', financial or business interests. Further, there can

be no assurance that Vista will be able to achieve its objectives with respect to OneVista or, if any such activities are conducted, that such activities will not have an adverse effect on the applicable portfolio companies.

### **General Market Conditions**

The market for private debt and other investments generally, and the success of a Fund's investment activities in particular, will be affected by general economic and market conditions, such as interest rates, availability of credit, credit defaults, inflation rates, economic uncertainty, changes in applicable laws (including laws relating to taxation of a Fund's investments), trade barriers, currency exchange controls, rate of inflation, currency depreciation, asset reinvestment, resource self-sufficiency and national and international political, environmental and socioeconomic circumstances (including pandemics, wars, terrorist acts or security operations). Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Fund and may affect the Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Fund's investments and could have a negative impact on the performance and/or valuation of the Fund's portfolio companies. These conditions and opportunities may include, among others, the reduction in the availability of subscription facilities, the continuation of debt fund fundraising and deployment, the continued demand for non-investment grade debt and the expansion of the leveraged buyout market. No assurance can be given that such conditions, trends, or opportunities will arise or continue, as applicable, or that investments can be acquired or disposed of at favorable prices or that the market for investments will either remain stable or, as applicable, grow or improve, since this will depend upon events and factors outside the control of VCP. These factors may affect the level and volatility of market prices and the liquidity of the investments, which could impair the Funds' profitability or result in losses. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for the Funds and may affect the Funds' ability to make investments. Instability in the securities markets and economic conditions generally (including a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in the Funds' investments and could have a negative impact on the performance and/or valuation of the Funds' portfolio companies.

VCP's financial condition may be adversely affected by a significant general economic downturn, and it may be subject to legal, regulatory, reputational and other unforeseen risks that could have a material adverse effect on VCP's businesses and operations and thereby could impact the Funds. Moreover, a recession, slowdown and/or sustained downturn in the U.S. or global economy (or any particular segment thereof) could have pronounced impact on the Funds and



could adversely affect a Fund's profitability, impede the ability of a Fund's obligors to perform under or refinance their existing debt obligations and impair a Fund's ability to effectively deploy its capital or realize its investments on favorable terms.

While VCP expects that the current environment will yield attractive investments for the Funds, there can be no assurances that conditions in the global financial markets will not deteriorate and/or adversely affect one or more of the investments, the Funds' access to leverage, borrowing through a subscription line or credit facility or the Funds' overall performance. The Funds' investment strategy and the availability of investments satisfying the Funds' risk-adjusted return parameters relies in part on the continuation of certain trends and conditions observed in the market for investments (e.g., the inability of certain businesses to obtain financing solutions from traditional lending sources or otherwise access the capital markets) and the broader financial markets as a whole and in some cases the improvement of such conditions. Trends and historical events do not imply, forecast, or predict future events and, in any event, past performance is not necessarily indicative of future results. There can be no assurance that the assumptions made or the beliefs and expectations currently held by VCP will prove correct and actual events and circumstances may vary significantly. Any of the foregoing events could result in substantial or total losses to the Funds in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in an obligor or a Fund's capital structure.

### **Enhanced Scrutiny and Potential Regulation of the Private Investment Industry**

The Funds' ability to achieve their investment objectives, as well as the ability of VCP to conduct its operations, is based on laws and regulations, which are subject to change through legislative, judicial, or administrative action and could be adversely affected by future legislative, judicial, or administrative action.

There has been significant discussion recently regarding enhanced governmental scrutiny and increased regulation of the private investment fund and financial services industries. In the aftermath of the global financial crisis in 2008, there have been unprecedented legislative and regulatory actions taken by numerous governments and their agencies. This enhanced oversight and regulation, and the need for additional rulemaking by various governmental bodies, has created uncertainty in the financial markets, including the private fund industry. Many of the regulators to which the Funds, the General Partners, VCP, or their respective affiliates are expected to be subject globally, including governmental agencies and self-regulatory organizations, are empowered to conduct investigations and administrative proceedings that can result in fines, suspensions of personnel or other sanctions, including censure, the issuance of cease-and-desist orders or the suspension or expulsion of applicable licenses or members. Even if an investigation or proceeding did not result in a sanction or the sanction imposed against any of the Funds, the General Partners, VCP or their respective affiliates were small in monetary amount, the adverse publicity relating to the investigation, proceeding or imposition of these sanctions could harm the Funds, the General Partners, VCP or their respective affiliates' reputations, which may adversely affect the Funds' investment performance by hindering their ability to obtain favorable financing or consummate a potentially profitable investment. In light of

the heightened regulatory environment in which VCP operates and the ever-increasing regulations applicable to private investment funds and their investment advisers, it has become increasingly expensive and time-consuming for VCP and its affiliates to comply with such regulatory reporting and compliance-related obligations. Any further increases in the regulations applicable to private investment funds generally or the Funds, the General Partners or VCP in particular may result in increased expenses associated with the Funds' activities and additional resources of VCP being devoted to such regulatory reporting and compliance-related obligations, which may reduce overall returns for investors in the Funds or have an adverse effect on the ability of the Funds to effectively achieve their investment objectives. Increased reporting, registration and compliance requirements may divert the attention of personnel and the management teams of the General Partners and may furthermore place the Funds at a competitive disadvantage to the extent that VCP is required to disclose sensitive business information.

Additionally, the SEC has proposed and enacted significant rules that will impact the business of VCP and the Funds. In particular, the SEC has adopted a number of new rules that impose significant changes on private fund advisers and their management of private funds, and the SEC is expected to propose and/or adopt additional rules in the future. Such current and future rulemaking is expected to materially impact VCP and its affiliates, the Funds and/or their investments. In addition, the Funds are expected to bear increased and significant costs as a result of such enacted and proposed rules, including costs related to Limited Partner reporting and disclosures to investors. Significant time and resources are expected to be required to comply with the new regulations, which potentially will detract from the time and resources dedicated to the Funds. In addition, following the applicable compliance date, such regulations will require the General Partners to disclose to prospective investors and/or Limited Partners certain preferential investment terms that the General Partners provide to any Limited Partner in connection with its investment in the Funds, which could cause the General Partners to deny certain preferential terms to Limited Partners.

### **Impact of Government Regulation and Reform**

The growth of the private equity industry, and the increasing size and reach of transactions, has prompted additional governmental and public attention to the industry and its practices. Portfolio companies will be subject to the antitrust and competition rules that apply in those countries or regions in which they do business. Failure to comply with those rules could expose the infringing company to sanctions or penalties including fines and civil damage actions. In some situations, private equity sponsors could be held jointly and severally liable for any sanctions or penalties imposed on a current or previously owned portfolio company for breach of the applicable antitrust rules. In recent years, there have been governmental investigations and lawsuits over whether certain club deals or consortium bids constituted an illegal attempt to collude and drive down the prices of acquisitions. Consortium bids are deals in which two or more unaffiliated entities either provide equity financing or divide the target business being acquired. These transactions can range in size from the large private equity club deals in which the target remains intact to much

smaller deals in which a target is broken up and sold to multiple strategic buyers. Private equity firms that engage in potentially anti-competitive practices in an otherwise permissible and lawful club deal could be liable for monetary damages to former shareholders of target companies and be subject to U.S. Department of Justice (“DOJ”) investigation and civil and criminal prosecution resulting in fines. The Antitrust Division of the DOJ has previously issued information requests relating to private equity transactions among multiple fund sponsors and in 2014, several fund sponsors settled claims that they had conspired to not bid against each other on eight large “take-private” buyouts that occurred prior to the global financial crisis. There can be no assurance that the Funds will not be subject to third-party litigation and/or investigations involving consortium bids.

In addition, numerous regulatory initiatives have been launched and significant legislation has been enacted as a result of the severe global market volatility and dislocations, financial institution failures and defaults and large financial frauds that occurred during the global financial crisis. U.S. regulators, including the Federal Reserve, the Office of the Comptroller of the Currency, and the Federal Deposit Insurance Corporation, have also recently warned banks against leveraged lending that load companies with large amounts of debt. Regulation generally, as well as regulation more specifically addressed to the private equity industry, including tax laws and regulation, whether in the U.S. or outside of it, could further increase the cost of acquiring, holding or divesting portfolio investments and the cost of operating the Funds, as well as harm the profitability of enterprises and interfere with the ability of the Funds to engage in certain transactions.

Certain segments within the software industry in which a Fund may invest, are subject to laws and regulations that: (i) are complex and may be ambiguous, with a lack of clear judicial or regulatory interpretive guidance; and (ii) are or may become highly regulated at both the federal and state levels in the United States and internationally, and subject to frequent regulatory change. While VCP intends for the Funds to invest in companies that seek to comply with applicable laws and regulations, an adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements, could have a material adverse impact on the profit potential of the Funds and on the operations and/or financial performance of the companies in which the Funds may invest.

## **SEC Examinations and Investigations**

There can be no assurance that any Fund, a Fund’s General Partner, VCP or any of their affiliates will avoid regulatory examination and possibly enforcement actions in the future. Recent SEC enforcement actions and settlements involving U.S.-based private fund advisers have involved a number of issues, including, among others, failure to update Form ADV to report delivery of audited financial statements and the undisclosed (or insufficient disclosure of) allocation of fees, costs and expenses, including those related to co-investment transactions (i.e., the allocation of deal expenses). Although VCP believes certain practices related to the foregoing and other general practices have been common historically among private fund advisers within the U.S. private funds industry, if the SEC or any other governmental authority, regulatory agency or similar

body were to take issue with past or future practices of VCP, then VCP and/or such affiliates may be at risk for regulatory sanction. Even if an investigation or proceeding did not result in a sanction or the sanctions imposed against Vista were small in monetary amount, any Fund, its General Partner, VCP or their respective affiliates may be subject to adverse publicity relating to the investigation, proceeding or imposition of any such sanction. Any such investigations could be costly, distracting and/or time consuming for VCP management. There is also a risk that regulatory agencies in the United States and beyond will continue to adopt new laws or regulations (including tax laws or regulations), or change existing laws or regulations, or enhance the interpretation or enforcement of existing laws and regulations.

### **Liquidity of Limited Partner Interests in the Funds**

Interests in a Fund will not be readily marketable and are generally neither redeemable nor transferable without the prior written consent of the Fund's General Partner, which may be given or withheld in the General Partner's sole discretion.

Many of the investments will be highly illiquid and are likely to require lengthy periods to dispose of. Investments in a Fund require a long-term commitments with no certainty of return. There most likely will be little or no near-term cash flow available to Investors. Investment in the Funds may not result in rates of return that are equal to or better than the average rate of return on investments in other private investment funds or asset classes. The success or failure of any portfolio investment will rely in part on the success or failure of the investment decisions made by the investment management team.

### **Hedging Policies and Risks; Related Regulations**

In connection with financing and/or holding certain portfolio investments, the Funds are permitted to employ hedging techniques designed to reduce the risks of adverse movements in interest rates, securities prices, and currency exchange. The Funds are permitted to incur costs related to hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options, and other instruments. While such transactions may reduce certain risks, such transactions themselves may entail certain other risks. Thus, while the Funds may benefit from the use of these hedging mechanisms, unanticipated changes in interest rates, securities prices, or currency exchange rates may result in poorer overall performance by the Funds than if they had not entered into such hedging transactions.

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

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

## **Financial Market Fluctuations**

In recent years, various sectors of the U.S. and global financial markets and the broader current financial environment have been, and continue to be, characterized by uncertainty, volatility, and instability. The financial services industry generally is affected by general economic and market conditions, including interest rates, availability of credit, lack of price transparency, inflation rates, economic uncertainty, changes in tax and other applicable laws and regulations, trade barriers, national and international and environmental and socioeconomic circumstances. These financial market fluctuations, along with general fluctuations in interest rates have the tendency to reduce the availability of attractive investment opportunities for the Funds and may affect the value of the portfolio investments held by the Funds. Instability in the securities markets may also increase the risks inherent in the Funds’ portfolio investments and could have a negative impact on the performance and/or valuation of the portfolio companies. The Funds’ performance can be affected by deterioration in the capital markets and by market events, such as the downgrading of the credit rating of the United States in 2011 and the credit market dislocation and supply-chain issues experienced during the COVID-19 pandemic, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies, and Investors’ risk-free rate of return. In addition, governments from time to time intervene, directly and/or by regulation, in certain markets, particularly those in currencies and interest rate-related futures and options. The ability to realize investments depends not only on portfolio companies and their historical results and prospects, but also on political, market, and economic conditions at the time of such realizations. In the past, many private equity funds have looked to the public securities markets as a potential exit strategy and there can be no assurance, particularly given the recent volatility in the financial markets and a potential lack of investor appetite for new issues in the public securities markets, that Funds will be able to exit from their investments in portfolio companies by listing their shares on securities exchanges. The trading market, if any, for the securities of any portfolio company may not be sufficiently liquid to enable a Fund to sell these securities when VCP believes it is most advantageous to do so, or without adversely affecting the stock price. Continued or renewed volatility in the financial sector may have an adverse material effect on the ability of the Funds to buy, sell, and partially dispose of their portfolio company investments. The Funds may be adversely affected to the extent that they seek to dispose of any of their portfolio investments into an illiquid or volatile market, and a Fund may find itself unable to dispose of investments at prices that VCP believes reflect the fair value of such investments. A widening of credit spreads, coupled with the deterioration of the sub-prime and debt markets and a rise in interest rates, has dramatically reduced demand for high-yield debt and senior bank debt, which, in turn, has led some investment banks and other lenders to be unwilling or less

willing to finance such companies or to only offer committed financing to such companies on less favorable terms than had been prevailing in the recent past. Such an economic downturn could adversely affect the financial resources of corporate borrowers in which the Fund has invested and result in the inability of such borrowers to make principal and interest payments on outstanding debt when due. In the event of such defaults, the Funds may suffer a partial or total loss of capital invested in such companies, which could, in turn, have an adverse effect on the Funds' returns. The duration and ultimate effect of current market conditions and whether such conditions may worsen cannot be predicted and there can be no assurances that conditions in the financial markets will not worsen or adversely affect one or more of a Fund's investments or portfolio companies. The ability of portfolio companies to refinance debt securities will depend on their ability to sell new securities in the public high-yield debt market or otherwise.

### **Monetary Policy and Governmental Intervention**

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

Higher inflation and rising input costs will put pressure on a portfolio company's profit margins, particularly where pricing power is lacking. For example, heightened competition for workers, supply chain issues and rising energy and commodity prices have contributed to increasing wages and other inputs. Government efforts to combat inflation, including through interest rate increases, may erode consumer sentiment and result in a recession. If a portfolio company is unable to

increase its revenue in times of higher inflation, its profitability will be adversely affected. Typically, as inflation rises, a portfolio company will earn more revenue but also will incur higher expenses; as inflation declines, a portfolio company might be unable to reduce expenses in line with any resulting reduction in revenue. In addition to inflation, possible stagflation resulting in slow economic growth, on the one hand, and increasing prices for goods and services sold, on the other hand, could also have an adverse effect on a Fund and its portfolio companies.

### **Significant Developments Stemming from the U.S. Administration**

On January 20, 2021, Joseph R. Biden and Kamala D. Harris became the President and Vice President of the United States, respectively. The Biden administration has signaled that it intends to seek to enact changes to numerous areas of law and regulations currently in effect. Any such changes could significantly impact the Funds and/or the businesses in which they invest. Specific legislative and regulatory proposals discussed during election campaigns and more recently that might materially impact the Funds and/or the businesses in which they invest include changes to climate policies, trade agreements, immigration policy, import and export regulations, tariffs and customs duties, income tax regulations and the federal tax code (including added scrutiny of management fee and carried interest waivers), public company reporting requirements, enforcement related to disclosure of ESG matters and antitrust enforcement.

It is expected that the Biden administration will continue to seek to change many of the policies put forth by President Trump's administration. Changes in federal policy, including tax policies, and at regulatory agencies including, without limitation, as the U.S. Securities and Exchange Commission, occur over time through policy and personnel changes following elections, which lead to changes involving the level of oversight and focus on private fund managers, the financial services industry or the tax rates paid by corporate entities. The nature, timing, and economic effects of potential changes to the current legal and regulatory framework affecting financial institutions under the Biden administration remain highly uncertain. None of VCP, the Funds or any of their respective affiliates can predict the ultimate impact of the foregoing on the Funds, the businesses in which they invest, or the private equity industry generally, and any prolonged uncertainty could also have an adverse impact on the Funds and their investment objectives. Future changes may adversely affect the Funds' operating environment and/or their portfolio companies, business, operating costs, financial condition, and results of operations of the Funds and the businesses in which they invest. Further, an extended federal government shutdown resulting from failing to pass budget appropriations, adopt continuing funding resolutions, or raise the debt ceiling, and other budgetary decisions limiting or delaying government spending, may negatively impact U.S. or global economic conditions, including corporate and consumer spending, and liquidity of capital markets.

In addition, any changes in U.S. social, political, regulatory, and economic conditions or in laws and policies governing the financial services industry, foreign trade, manufacturing, outsourcing, development and investment in the territories and countries or types of investments in which the Funds may invest, and any negative sentiments towards the United States as a result of such changes, could adversely affect the performance of the Funds' investments. Moreover, media

(including social media) has the potential to influence public sentiment and escalate tensions both within the U.S. and in international relations, which could cause social unrest and could negatively impact stock markets and economics around the globe and the Funds' investments.

## **Trade Policy**

Political leaders in the U.S. and certain European nations have in the past been elected on protectionist platforms, fueling doubts about the future of global free trade. The U.S. government, in particular, has indicated its intent to alter its approach to international trade policy and in some cases to renegotiate, or potentially terminate, certain existing bilateral or multi-lateral trade agreements and treaties with foreign countries. In addition, the U.S. government has recently imposed tariffs on certain foreign goods, including steel and aluminum and has indicated a willingness to impose tariffs on imports of other products. Some foreign governments, including China, have instituted retaliatory tariffs on certain U.S. goods and have indicated a willingness to impose additional tariffs on U.S. products. Governments of other countries have introduced, or may in the future introduce, protectionist and other similar trade policies that could adversely affect free trade. Global trade disruption, significant introductions of trade barriers and bilateral trade frictions, together with any future downturns in the global economy resulting therefrom, could adversely affect the financial performance of the Funds and their investments.

Recently, there have been a number of developments and events that have increased tensions between the U.S. and China. In June 2020, the Standing Committee of the PRC National People's Congress issued the Law of the People's Republic of China on Safeguarding National Security in the Hong Kong Special Administrative Region, which defines the duties and government bodies of Hong Kong for safeguarding China's national security. In July 2020, then-U.S. President Donald Trump signed the Hong Kong Autonomy Act ("HKAA") into law, authorizing the U.S. administration to impose blocking sanctions against individuals and entities who are determined to have materially contributed to the erosion of Hong Kong's autonomy. The HKAA further authorizes secondary sanctions, including the imposition of blocking sanctions, against foreign financial institutions that knowingly conduct a significant transaction with foreign persons sanctioned under this authority. Also, in July 2020, the U.S. ordered China to close its consulate in Houston, Texas, alleging that it was a hub of espionage and intellectual property theft. China retaliated by closing the U.S. consulate in Chengdu. In August 2020, then-U.S. President Trump issued Executive Orders establishing a framework for prohibiting transactions involving widely used Chinese-owned communications apps, WeChat and TikTok, and in November 2020 then-U.S. President Trump issued an Executive Order prohibiting certain investments in designated "Communist Chinese Military Companies." Furthermore, in its final months the Trump Administration added a number of Chinese entities to the U.S. Department of Commerce's Entity List, and the Biden Administration since has added additional Chinese entities to the Entity List. Moreover, in March 2021, a rule regarding U.S. Department of Commerce review of information and communications technology transactions with a nexus to designated "foreign adversaries" (including China) went into effect. These developments and any future actions by the U.S. or China arising from or contributing to the further deterioration of relations between the U.S. and China could result in



significant disruption in regional and global markets and could have material adverse consequences on the investments of the Fund, including on portfolio companies that could be affected or targeted by any sanctions or other regulatory actions.

Additionally, in April 2021, President Biden issued an Executive Order authorizing blocking sanctions against certain Russian persons, including persons determined to be operating in the Russian technology or defense sectors; designated Russian government officials; designated persons engaging in certain activity on behalf of the Russian government (e.g., cyber hacking); designated Russian government entities and state-owned entities; and designated persons involved in disrupting energy supplies. Furthermore, under authority of the Executive Order, OFAC issued a directive, effective June 14, 2021, prohibiting U.S. financial institutions from participating in the primary market for bonds issued by the Central Bank of Russia, the Russian National Wealth Fund, or the Russian Ministry of Finance, or lending funds to such entities. These developments and any future actions by the U.S. or Russia arising from or contributing to the further deterioration of relations between the U.S. and Russia could result in significant disruption in regional and global markets and could have material adverse consequences on the investments of a Fund, including on portfolio companies that could be affected or targeted by any sanctions or other regulatory actions.

### **Registration under the U.S. Commodity Exchange Act**

The Funds are authorized to trade in instruments regulated by the CFTC, and in such event the General Partner and/or its affiliates would plan to qualify for an applicable exemption from registration with the CFTC as a commodity pool operator (“CPO”) or as a “commodity trading adviser” (“CTA”) with respect to the Fund (and/or other Funds) pursuant to an exemption under CFTC Regulation 4.13, which would require filing a notice of exemption with the National Futures Association.

Registration with the CFTC as a CPO or as a CTA or any change in the Funds’ operations necessary to maintain VCP’s or its affiliates’ ability to rely upon the exemptions from registration, could adversely affect the ability of a Fund to implement its investment program, conduct its operations, and/or achieve its objectives and subject the Funds to certain additional costs, expenses, and administrative burdens. Furthermore, any determination by VCP to cease or to limit investing in interests which may be treated as “commodity interests” in order to comply with the regulations of the CFTC may have a material adverse effect on a Fund’s ability to implement its investment objectives and to hedge risks associated with its operations. VCP, the General Partner and/or their affiliates reserve the right to pursue an alternative exemption from CPO or CTA registration, or else register with the CFTC.

### **United Kingdom Exit from the European Union (the “EU”)**

On January 31, 2020, the UK formally withdrew from the EU (“Brexit”). After this, the UK entered into a transition period – during which the majority of the existing EU rules continued to apply in

the UK. Following the end of the transition period on December 31, 2020, EU rules ceased to apply in the UK.

Although the terms of the UK's future relationship with the EU were agreed in a trade and cooperation agreement signed on December 30, 2020, this did not include an agreement on financial services. In the absence of a formal agreement on this issue, UK firms in the financial sector have more limited access to the EU market than prior to Brexit, and EU firms similarly have more limited access to the UK, owing to the loss of passporting rights under applicable EU and UK legislation. Alternative arrangements and structures may allow for the provision of cross-border marketing and services between the EU and the UK, but these are subject to legal uncertainty and the risk that further legislative and regulatory restrictions could be imposed in the future.

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

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

### **Alternative Investment Fund Managers Directive**

The AIFMD, as implemented in each member state of the EEA and the UK, regulates the activities of certain private fund managers undertaking fund management activities or marketing fund interests to Investors within the European Economic Area ("EEA," which for purposes of the description herein will continue to include the United Kingdom). To the extent the Funds are actively marketed to Investors domiciled or having their registered office in the EEA in circumstances where no transitional relief is available: (i) the Funds and VCP will be subject to

certain reporting, disclosure, and other compliance obligations under the AIFMD, which will result in the Funds incurring additional costs and expenses; (ii) the Funds and/or VCP or its affiliates may become subject to additional regulatory or compliance obligations arising under national law in certain EEA jurisdictions, which would result in the Funds incurring additional costs and expenses or may otherwise affect the management and operation of the Funds; (iii) VCP will be required to make detailed information relating to the Funds and its investments available to regulators and third parties; and (iv) the AIFMD will also restrict certain activities of the Funds and VCP in relation to EEA portfolio companies, including, in some circumstances, the Funds' ability to recapitalize, refinance, or potentially restructure an EEA portfolio company within the first two years of ownership, which may in turn affect operations of the Funds generally. In addition, it is possible that some EEA jurisdictions will elect to restrict or prohibit the marketing of non-EEA Funds to Investors based in those jurisdictions, which may make it more difficult for the Funds to raise their targeted amounts of commitments.

There is a risk that VCP may breach the requirements imposed by the AIFMD as a result of the differing manner and way in which the AIFMD has been implemented in various EEA member states and the UK, respectively. Such a breach may result in a regulatory authority or court in that or another EEA member state or the UK requiring Vista to return any capital or other funds to investors or otherwise seeking to take other enforcement or remedial action against Vista or a Fund. This may result in a reduction in the overall amount of capital available to a Fund, which limits, in turn, the range of investment strategies and investments that a Fund is able to pursue and make or otherwise result in a loss to a Fund. Furthermore, there is a risk that the AIFMD will be interpreted differently by each EEA member state. This may have an adverse effect on the marketing and/or operation of a Fund and may result in additional costs, reducing the returns for investors.

In the future, it may be possible for non-EEA AIFMs to market an alternative investment fund ("AIF") within the EEA pursuant to a pan-European marketing "passport", instead of under national private placement regimes under Article 42 of the AIFMD. Access to this passport may be subject to the non-EEA AIFM complying with various additional requirements under the AIFMD, which may include one or more of the following: additional conduct of business and organizational requirements; rules relating to the remuneration of certain personnel; minimum regulatory capital requirements; restrictions on the use of leverage; additional disclosure and reporting requirements to both Investors and EEA home state regulators; independent valuation of an AIF's assets; and the appointment of an independent depositary. Certain EEA Member States have indicated that they will cease to operate national private placement regimes when, or shortly after, the passport becomes available, which would mean that non-EEA AIFMs to whom the passport is available would be required to comply with all relevant provisions of the AIFMD in order to market to professional investors in those jurisdictions. As a result, if in the future non-EEA AIFMs may only market in certain EEA jurisdictions pursuant to a passport, VCP may not seek to market interests in the Funds in those jurisdictions, which may lead to a reduction in the overall amount of capital invested in the Funds. Alternatively, if VCP sought to comply with the requirements to use the passport, this could have adverse effects including, amongst other things, increasing the regulatory burden and costs of operating and managing the Funds and their investments, and

potentially requiring changes to compensation structures for key personnel, thereby affecting VCP's ability to recruit and retain these personnel.

As a non-EEA alternative investment fund manager, VCP is not required to comply with all of the requirements set out in the AIFMD. Accordingly, and subject to the below, investors in a Fund will not receive the full protections or benefits available under the AIFMD, which would otherwise be available to investors in an alternative investment fund managed by an alternative investment fund manager domiciled in or with its registered office in the EEA.

The European Commission published proposals for a Directive to amend AIFMD ("AIFMD II") in November 2021. AIFMD II will impose obligations including: (i) minimum substance considerations that EU regulators will need to take into account during the AIFM authorization process; (ii) enhanced requirements around delegation, including additional reporting requirements in relation to delegation arrangements; (iii) new requirements applying to AIFMs managing funds that originate loans; (iv) increased investor pre-contractual disclosure requirements, notably around fees and charges; and (v) a prohibition on non-EU AIFMs and AIFs established in jurisdictions identified as "high risk" countries under the European Anti-Money Laundering Directive (as amended) or the revised EU list of non-cooperative tax jurisdictions. On July 20, 2023, the Council of the European Union and the European Parliament announced that they had reached provisional agreement on AIFMD II, with technical negotiations expected to be completed later in 2023. AIFMD II is expected to be implemented by EU Member States in 2026. It is possible that AIFMD II may require additional costs, expenses and/or resources, as well as restricting or prohibiting certain activities, including in relation to loan-originating funds and managers or funds established in jurisdictions outside the EU identified as having AML and/or tax failings.

## **Eurozone Risks**

There are significant and persistent concerns regarding the debt burden of certain Eurozone countries and their ability to meet future financial obligations, the overall stability of the Euro and the suitability of the Euro to function as a single currency given the diverse economic and political circumstances in individual Eurozone countries. The risks and prevalent concerns about a credit crisis in Europe could have a detrimental impact on global economic recovery as well as on sovereign and non-sovereign debt in the Eurozone countries. There can be no assurance that the market disruptions in Europe will not spread to other countries, nor can there be any assurance that future assistance packages will be available or, even if provided, will be sufficient to stabilize affected countries and markets in Europe or elsewhere. These and other concerns could lead to the re-introduction of individual currencies in one or more Eurozone countries, or, in more extreme circumstances, the possible dissolution of the Euro entirely. Should the Euro dissolve entirely, the legal and contractual consequences with respect to the Funds and the Investors could be determined by laws in effect at such time. These potential developments could negatively impact the ability of the Funds to consummate investments in Europe, the value of the Funds' investments in Europe and the general availability and cost of financing permitted investments.

## **European Union Credit Servicers Directive**

The European Commission has published a proposal for a directive on credit servicers, credit purchasers and the recovery of collateral. While the proposal is not final and subject to further negotiation as part of the usual European legislative process, it could impose additional requirements on both European and non-European participants in the European performing and non-performing credit market. At this stage, no assurances can be given regarding the final scope or likely impact of the proposals on VCP or its ability to source European investments.

### **European Union Securitisation Regulation**

To the extent the Funds are actively marketed to investors domiciled or having their registered office in the EEA or the UK, the EU Securitisation Regulation, including as implemented and retained by the UK following its departure from the EU and amended from time to time, may prohibit the Funds from acquiring securitization positions which do not comply with the EU's or the UK's risk retention criteria, where the securities/instruments of such securitizations were issued on or after January 1, 2019. The EU's or the UK's risk retention criteria for securitizations may not be aligned with the criteria for securitizations under the laws of other jurisdictions, where such laws exist, including under US law. This could result in the Funds being prohibited from acquiring positions in certain securitizations or similar structures, whether originated in the EU or the UK or otherwise, notwithstanding that such transactions would otherwise be permitted in accordance with the Funds' investment strategy/restrictions.

### **Public Health Emergencies; COVID-19**

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

In an effort to contain such health emergencies, national, regional and local governments, as well as private businesses and other organizations, have taken, or have the potential to take, restrictive measures, including instituting local and regional quarantines, restricting travel (including closing certain international borders), prohibiting public activity (including "stay-at-home" and similar orders), and ordering the closure of large numbers of offices, businesses, schools, and other public venues. Any such measures have the potential to significantly diminish economic production and activity of all kinds and contribute to volatility in financial markets, and demand across categories of consumers and businesses, as well as in the credit and capital markets. Restrictive measures, whether on an initial or re-imposed basis, also have the potential to cause labor force and operational disruptions, slowing or complete idling of certain supply chains and manufacturing activity, steep increases in unemployment levels in the United States and several other countries, and strain and uncertainty for businesses and households, with a particularly acute impact on industries dependent on travel and public accessibility, such as transportation, hospitality, tourism, retail, sports and entertainment.

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity across — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict but could have a significant adverse impact and result in significant losses to the Funds. The extent of any impact on the Funds' and their portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in the availability of capital. These same factors may limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. and governmental mitigation actions may constrain or alter existing financial, legal, and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' ability to fulfill their investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their portfolio companies, the General Partners, and VCP may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

### **Non-U.S. Investments**

The Funds may make investments in securities issued by portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, differences in the legal and regulatory environment (including enhanced legal and regulatory compliance), the risks associated with fluctuating currency exchange rates (including risks associated with potentially rapid inflation), exposure to fluctuations in interest rates payable with respect to the instruments in which a Fund invests, certain economic, social and political risks, including capital repatriation regulations (as such regulations may be given effect during the term of such Fund), the application of complex U.S. and non U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Fund and/or the partners with respect to such Fund's income, and possible non-U.S. tax return filing requirements for such Fund and/or partners. Additional risks of non-U.S. Investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; (g) differing and potentially less well developed or well tested corporate laws regarding stakeholder rights,

creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (h) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (i) differences between the U.S. and non U.S. credit and securities markets (including potential price volatility in, and relative illiquidity of, certain non U.S. credit and securities markets); (j) political hostility to investments by foreign or private debt investors; and (k) nationalization and expropriation of private assets. Moreover, non-U.S. companies or companies with substantial sales or operations outside of the United States may not be subject to uniform accounting, auditing and financial reporting standards, practices and requirements comparable to those that apply to U.S. companies.

### **Third-Party Infringement Claims**

A Fund (or an affiliate thereof) or a portfolio company may, from time to time, receive notices from others claiming the Fund (or an affiliate thereof) or such portfolio company has infringed their intellectual property rights. The number of these claims may grow because of constant technological change in the software industry, increased user-generated content, the extensive patent coverage of existing technologies, and the rapid rate of issuance of new patents. Additionally, portfolio companies may use "open-source" software in their products or may use such software in the future. Such open-source software is generally licensed by its authors or other third parties under open-source licenses. Licensing authors or third parties may allege that a portfolio company has not complied with the conditions of one or more of these licenses. To resolve these and other intellectual property infringement claims, a Fund and/or portfolio companies may enter into royalty and licensing agreements on terms that are less favorable than currently available, stop selling or redesign affected products, or pay damages to satisfy indemnification commitments with customers. These outcomes may cause operating margins to decline. In addition to money damages, in some jurisdictions plaintiffs can seek injunctive relief that may limit or prevent importing, marketing, and selling products that have infringing technologies.

### **Software Code Protection**

The development and protection of source code is critical to many businesses in the technology industry. If an unauthorized disclosure of a significant portion of a portfolio company's source code occurs, such portfolio company could potentially lose future trade secret protection for such source code. The loss of trade secret protection could make it easier for third parties to compete with such portfolio company's products by copying their functionality, which could adversely affect such portfolio company's revenue and operating margins. Unauthorized disclosure of source code could also increase security risks (e.g., viruses, worms, and other malicious software programs that may attack a portfolio company's products and services). Costs for remediating the unauthorized disclosure of source code and other cyber-security breaches potentially include, among other things, increased protection costs, reputational damage and loss of market share, liability for stolen assets or information repairs to damaged systems. Remediation costs could also include incentives offered to maintain a portfolio company's customers or other business

partners in an effort to maintain the business and/or customer relationships following a security breach.

### **Origination Activities**

The Funds intend to engage in the origination of debt financing. When engaging in such activities, the Funds will be subject to applicable laws in each jurisdiction in which such activities take place. Such laws are frequently highly complex and may include licensing requirements. The licensing processes can be lengthy and can be expected to subject an originator to increased regulatory oversight. In some instances, the process for obtaining a required license or exception certificate may require disclosure to regulators or to the public of information about the Funds, their direct or indirect investors, their investments, their business activities, their management or controlling persons or other matters. Such disclosures may provide competitors with information that allows them to benefit at the expense of the Funds, which could have a material adverse effect on the Funds. Failure, even if unintentional, to comply fully with applicable laws may result in sanctions, fines, or limitations on the ability of the Funds, VCP, or affiliates of the foregoing to do business in the relevant jurisdiction or to procure required licenses in other jurisdictions, all of which could have a material adverse effect on the Funds.

### **Usury Limitations**

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

### **Investment Regulatory Compliance**

Certain investments made by the Funds may result in reporting and compliance obligations under the applicable regulations of the various jurisdictions in which the Funds make investments. The costs of compliance will be borne by the Funds. In addition, investments by the Funds are or may become subject to regulation by various agencies within or outside of the United States. New and existing regulations, changing regulatory schemes and the burdens of regulatory compliance all may have a material negative impact on the performance of the Funds. VCP cannot predict whether new legislation or regulation will be enacted by legislative bodies or governmental agencies, nor can it predict what effect such legislation or regulation might have. There can be no assurance that new legislation or regulation, including changes to existing laws and regulations, will not have a material negative impact on the Funds' investment performance.

### **Laws and Regulations Governing the Internet**

The future success of many, if not all, portfolio companies will depend upon the continued use of the Internet as a primary medium for commerce, communication, and business services. Changes in laws and regulations, including recent developments in case law (including for example, the Supreme Court of the United States decision in *South Dakota v. Wayfair, Inc.*, 138 S. Ct. 2080



(2018)) related to the Internet or changes in the infrastructure of the Internet itself may diminish the demand for portfolio companies' products, including software solutions. U.S. federal, U.S. state or foreign government bodies or agencies have in the past adopted, and may in the future adopt, laws and regulations affecting the use of the Internet as a commercial medium. Portfolio companies may be required to modify their products or business models in compliance with or in response to such changes in laws and regulations. Also, domestic and foreign government bodies and agencies and private organizations may begin to impose taxes, fees, or other charges for accessing the Internet or for the commerce conducted via the Internet. Such changes and regimes could limit the growth of Internet-related commerce or communications generally, reducing demand for Internet-based products and business services.

### **Governmental Export and Import Controls**

Companies in which the Funds invest are subject to U.S. and other jurisdictions' export controls for software and for incorporating encryption technology into any customer service platforms enabled through mobile applications. Such products incorporating encryption technology may only be exported with the required export authorizations, including by license, a license exception or other appropriate government authorizations, for example the filing of an encryption registration. Various countries also regulate the import of certain encryption technology, including through import permitting and licensing requirements, and have enacted laws that could limit the ability of companies to offer or distribute their products. Further, U.S. and other jurisdictions' export control laws and economic sanctions prohibit the shipment of certain products and services to countries, governments and persons targeted by economic sanctions. Such governmental export and import controls could negatively impact VCP and the Funds by impairing the abilities of the companies in which the Funds invest to compete in international markets or subject them to liability for violations, including possible civil and criminal penalties and other repercussions.

### **Investments in Emerging Markets**

The Fund may make investments in securities issued by portfolio companies that are located in emerging markets. Investing in emerging markets involves additional risks and special considerations not typically associated with investing in other, more established economies or markets. In addition to the risks outlined in the "Non-U.S. Investments" risk factor above, such additional risks may include, among others, (i) increased risk of nationalization or expropriation of assets or confiscatory taxation; (ii) greater social, economic and political uncertainty, including conflict or social unrest; (iii) increased likelihood of governmental involvement in, and control over, the economy; (iv) governmental decisions to cease support of economic reform programs or to impose central planning of the economy; (v) less extensive regulation of financial and other markets; (vi) greater regulatory uncertainty; (vii) greater volatility, less liquidity and smaller capitalization of markets; (viii) greater volatility in currency exchange rates; (ix) greater risk of inflation; (x) higher dependence on exports and the corresponding importance of international trade; (xi) greater controls on foreign investment and limitations on the realization of investments, repatriation of invested capital and on the ability to exchange local currencies for U.S. dollars; (xii) less developed corporate laws, including regarding fiduciary duties of officers and directors and

the protection of investors; (xiii) longer settlement periods for transactions and less reliable clearance and custody arrangements; (xiv) maintenance of the Funds' investments with non-U.S. brokers and securities depositories; (xv) risks associated with differing cultural expectations and norms regarding business practices; (xvi) less developed compliance culture; (xvii) differences in auditing and financial reporting standards, which may result in the unavailability of material information about portfolio companies; (xviii) less developed, reliable or independent judicial systems for the enforcement of contracts or claims; (xix) public health issues, including less developed public health infrastructure that is not able to adequately respond to public health emergencies, including outbreaks of infectious diseases such as SARS, H1N1/09 flu, avian flu, Ebola and COVID-19; and (xx) threats or incidents of corruption or fraud that may cause the Funds not to pursue certain investments, or to alter certain activities, liquidate certain portfolio investments or liquidate such investments prior to or after the time when the General Partner would otherwise choose to liquidate to achieve optimal returns, all of which may cause losses or have other negative impacts on the Funds or their portfolio investments.

Repatriation of investment income, assets, and the proceeds of sales by foreign investors, such as the Funds, may require governmental registration and/or approval in some emerging markets. The Funds could be adversely affected by delays in or a refusal to grant any required governmental registration or approval for such repatriation or by withholding taxes imposed by emerging market countries on interest or dividends paid on financial instruments held by the Funds or gains from the disposition of such financial instruments and other assets.

In emerging markets, there is often less government supervision and regulation of business and industry practices, stock exchanges, over-the-counter markets, brokers, dealers, counterparties, and issuers than in other more established markets. Any regulatory supervision that is in place may be subject to manipulation or control. Many emerging market countries do not have mature legal systems comparable to those of more developed countries. Moreover, the process of legal and regulatory reform may not proceed at the same pace as market developments, which could result in investment risks. Legislation to safeguard the rights of private ownership may not yet be in place in certain areas, and there may be the risk of conflict among tribal, local, regional, and national requirements or authorities. In certain cases, the laws and regulations governing investments in securities and/or assets may not exist or may be subject to inconsistent or arbitrary application or interpretation. Both the independence of judicial systems and their immunity from economic, political, or nationalistic influences remain largely untested in some countries. The Funds may also encounter difficulties in pursuing legal remedies or in obtaining and enforcing judgments in non-U.S. courts.

### **Allocation of Investment Opportunities**

VCP provides investment advisory services to numerous investment Funds and will often be presented with investment opportunities that are suitable for one or more Credit Funds. VCP, in these circumstances, will allocate such opportunities among Credit Funds on a basis that it reasonably determines in good faith to be fair and reasonable to its clients under the circumstances over time, taking into account various factors. See Item 11 for a more detailed discussion.

The Credit Funds are permitted to co-invest in equity securities of portfolio companies with the Equity Funds, generally (although may not always be the case) in connection with debt investments in such portfolio companies. In such case, similar to co-investing among other Vista Funds, any fees and expenses with respect to such co-investment or potential co-investment will generally be allocated among the relevant Credit and Equity Funds in accordance with each applicable Vista Fund's Governing Documents and VCP's and its affiliates' (including Vista) allocation policies and procedures, as amended from time to time (the "Allocation Policy"). To the extent not addressed in the Governing Documents of a Vista Fund, Vista will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances, but in any case in its sole discretion. There will also be conflicts of interest in the allocation of co-investment opportunities with respect to equity investments among the Credit Funds and other Equity Funds. Vista will evaluate a variety of factors which may be relevant in determining whether a particular co-investment opportunity is appropriate and feasible for Credit funds or other Equity funds, and may determine to allocate an equity co-investment opportunity to one or more Credit Funds instead of an Equity Fund or a co-investor vehicle that focuses on equity investments. See also "Allocation of Co-Investment Opportunities" under "Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading - Conflicts of Interest."

### **Distressed Investments**

A Fund is permitted to invest in the securities and obligations, including debt obligations that are in covenant or payment default, of companies experiencing or expected to experience significant financial difficulties and 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. Given the heightened difficulty of the financial analysis required to evaluate distressed companies, there can be no assurance that VCP will correctly evaluate the value of the assets of a distressed company securing its debt and other obligations or correctly project the prospects for the successful restructuring, recapitalization, or liquidation of such company. Therefore, 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 with rights that are materially different than the original securities in which such Fund invested.

### **Public Company Holdings**

Investments may include securities issued by publicly held companies, which may be sensitive to movements in the stock market and trends in the overall economy. Such Investments may subject a Fund to risks that differ in type or degree from those involved with Investments in privately held companies. Such risks include, without limitation, greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of a Fund to dispose of such securities at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' board members,

including a Fund's key personnel and/or other representatives of associates of the relevant General Partner or such Fund, and increased costs associated with each of the aforementioned risks.

### **Portfolio Company Fraud**

Of paramount concern in the Funds' investments is the possibility of material misrepresentation or omission on the part of the portfolio company. Such inaccuracy or incompleteness may adversely affect (i) in the case of debt investments, the valuation of the collateral underlying the loans or enterprise value of the companies or may adversely affect the ability of the Funds to perfect or effectuate a lien on any collateral securing the loan and/or (ii) in the case of equity investments, the value of the equity securities. The Funds will rely upon the accuracy and completeness of representations made by portfolio companies to the extent reasonable when it makes its investment decisions but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to the Funds may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

### **Breach of Covenant**

The Funds will generally seek to obtain structural, covenant and other contractual protections with respect to the terms of their investments as determined appropriate under the circumstances. There can be no assurance that such attempts to provide downside protection with respect to their investments will achieve their desired effect and potential investors should regard an investment in the Funds as being speculative and having a high degree of risk.

### **Growth Equity Transactions**

Each Fund is permitted to make growth-equity investments, which may involve taking non-control positions in the applicable portfolio companies. While growth-equity investments offer the opportunity for significant capital gains, such investments may involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many growth-equity portfolio companies will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities, and a larger number of qualified managerial and technical personnel.

### **Minority Investments**

Each Fund is permitted to invest in minority positions of companies and in companies over which the Fund has no right to exert significant influence. In such cases, the Fund will be significantly reliant on the existing management teams and boards of directors of such companies, which may

include representatives of other investors with whom the Fund is not affiliated and whose interests may conflict with the interests of the Fund. Where a Fund holds a minority stake, it may be more difficult for the Fund to liquidate its interests than it would be had the Fund owned a controlling interest in such company. When taking non-control positions, to the extent consistent with applicable regulations, a Fund will generally seek to obtain negative controls and veto rights on major decisions. However, even if a Fund has contractual rights to seek liquidity of such Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals. As such, there can be no assurance that a Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value or that there will be any minority rights or that such rights will provide sufficient protection of the relevant Fund's interests.

### **Minority Investment Alongside Third Parties**

Each Fund reserves the right to invest alongside third-party investors, thereby acquiring a non-controlling interest in companies. In such cases, a Fund will not have control over the investment and, therefore, may have limited ability to protect its position therein. This type of investment will involve risks not present in majority investments where a third party is not involved and such third parties may have economic or business interests or goals or tax or other considerations that differ from or are inconsistent with those of a Fund or its Limited Partners or may be in a position to take action contrary to a Fund's business, tax or other interests, and a Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. In addition, a Fund may in certain circumstances be liable for the actions of the third-party investors that participate in the investment.

### **Reliance on Management; Lack of Control Rights**

The day-to-day operations of each business in which a Fund has made an investment will be the responsibility of such business's management team. Although VCP will seek to monitor the performance of each business, will seek to negotiate appropriate creditors' or shareholders', as applicable, rights and controls, and generally intends to invest in businesses operated by capable management teams, there can be no assurance that appropriate control and other rights will be secured in negotiations and/or that the existing management team or any successor management team will be able to operate any such business in accordance with a Fund's expectations.

Furthermore, in some cases, the success of a Fund's investment strategy will depend, in part, on the ability of the Fund to effectuate loan modifications or restructure and improve the operations of a borrower. The activity of identifying and implementing any such restructuring programs and operating improvements a borrowers entails a high degree of uncertainty. There can be no assurance that a Fund will be able to successfully identify and implement such restructuring programs and improvements.

### **Need for Follow-on Investments**

Following its initial investment in a given portfolio company, a Fund may decide to provide additional funds to such portfolio company and/or its subsidiaries or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There is no assurance that the Funds will make follow-on investments or that the Funds will have sufficient funds to make all or any of such investments. Any decision by a Fund not to make follow-on investments or its inability to make such investments may have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents). Additionally, such failure to make such investments may result in a lost opportunity for a Fund to increase its participation in a successful portfolio company or the dilution of a Fund's ownership in a portfolio company if a third party or co-investor invests in such portfolio company and, in circumstances where the follow-on investment is offered at a discount to market value, may result in a loss of value for the Fund. In addition, certain of the Funds' portfolio investments, particularly those in "platform" phase, may need additional capital to sustain their working capital needs and/or acquisition strategies. The amount of such additional capital needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the Funds or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the funds provided by a Fund are not sufficient, or if the Fund is unable to provide additional capital, a portfolio company may have to raise further capital at a price unfavorable to existing investors, including the Fund. To the extent a portfolio company in which a Fund invested receives additional funding in subsequent financings and the Fund does not participate in such additional financing rounds, the interests of the Fund in such portfolio company would be diluted. In the event that the Fund does not make a potential follow-on investment, such follow-on investment may be made by one or more co-investing funds or Companion Funds or other Vista Funds, whether or not such Vista Fund, co-investing fund or Companion Fund has participated in the initial investment in such portfolio company.

### **Uncertain Economic, Social, and Political Environment**

Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics, climate change and irreversible damage to the world's natural resources or other sources of political, social, or economic unrest. Such erosion of confidence may lead to or extend a localized or global economic downturn. A climate of uncertainty may reduce the availability of potential investment opportunities, and increases the difficulty of modeling market conditions, potentially reducing the accuracy of financial projections. In addition, limited availability of credit for consumers, homeowners, and businesses, including credit used to acquire businesses, in an uncertain environment or economic downturn may have an adverse effect on the economy generally and on the ability of a Fund and its investments to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments by the Fund and result in

longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Fund's investments.

### **Russia-Ukraine Conflict**

There is currently an ongoing military conflict between Russia and Ukraine which, in a relatively short period of time, has caused disruption to, among other things, global financial systems, trade and transport. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of individuals and businesses connected to Russia. These restrictions and the disruptions caused by the military conflict have made it more difficult to engage in any business in or relating to Russia, Belarus, and Ukraine, including engaging and working with software development and tech talent in these countries. However, the ultimate impact of the Russia-Ukraine conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Funds or any particular industry, business or investee country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine conflict may have a significant adverse impact and result in significant losses to the Funds. This impact may include reductions in revenue and growth, unexpected operational losses and liabilities and reductions in the availability of capital. It may also limit the ability of a Fund to source, diligence and execute new investments and to manage, finance and exit investments in the future. To the extent that a Fund is required under applicable laws and regulations to modify or cease any business in or relating to Russia, a Fund may be subject to retaliation from Russian authorities, which may include (but is not limited to) fines and asset seizures. Developing and further governmental actions (regulatory, military, or otherwise) may cause additional disruption and constrain or alter existing financial, legal, and regulatory frameworks and systems in ways that are adverse to the investment strategy which any Fund intends to pursue, all of which could adversely affect a Fund's ability to fulfill its investment objectives.

### **Climate Change**

The Funds may acquire investments that are located in, or have operations in, areas that are subject to climate change. Any investments 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 Funds' 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 Funds may be vulnerable to the following: (i) risks of property damage to the Funds' investments; indirect financial and operational impacts from disruptions to the operations of the Funds' investments from severe weather; (ii) increased insurance premiums and deductibles or (iii) 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 Funds' investments; (iv) increased insurance claims and liabilities; (v) increase in energy costs impacting operational returns; (vi) changes in the availability or quality of water, food or other natural resources on which the Funds' business depends; (vii) 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); (viii) incorrect long-term valuation of an equity investment due to changing conditions not previously anticipated at the time of the investment; and (ix) economic distributions arising from the foregoing.

## **Valuation**

The Funds invest in debt and securities which are illiquid, not traded on an exchange or in an established market or for which no value can be readily determined. The fair market value of such investments will be determined by VCP or its affiliates in accordance with the respective Fund's Governing Documents. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of VCP. However, the valuation of certain illiquid assets is inherently subjective and subject to increased risk that the information utilized to value the asset or to create the price models may be inaccurate or subject to other error. Third-party pricing information may at times not be available regarding certain of a Fund's assets. Accordingly, the fair market value of an investment may not reflect the price at which the investment could be sold in the market, and the difference between fair market value and the ultimate sales price could be material. With respect to the Funds, the exercise of discretion in valuation by VCP will give rise to conflicts of interest, as valuations (including, for instance, the determination of when an investment should be written down or written off) impact VCP's track record and the performance allocation in certain Funds is calculated based, in part, on these valuations and such valuations affect the amount and timing of performance calculations. As a result, VCP or one of its affiliates could be incentivized to influence the valuation of investments. See Item 11 for a more detailed discussion.

## **Investment in Junior Debt and Securities**

The debt and securities in which the Funds will invest may be among the more junior in a portfolio company's capital structure and, thus, subject to greater risk of loss. Generally, there will be no collateral to protect a Fund's investment once made.

## **Options, Futures, Swaps, and Forwards**

The Funds are permitted to invest in options, futures, swaps, and forwards. Investments in commodities, futures (including stock index futures), and options contracts involve risks including, without limitation, leverage (e.g., margin is usually only 5% to 15% of the face value of the contract and exposure can be nearly unlimited) and credit risk vis-à-vis the contract counterparty. If the Funds invest in futures positions, these positions may be illiquid because certain commodity



exchanges limit fluctuations in certain futures contract prices during a single day by regulations referred to as “daily price fluctuation limits” or “daily limits.” Under such daily limits, during a single trading day no trades may be executed at prices beyond the daily limits, which could prevent the Funds from promptly liquidating unfavorable positions and subject it to substantial losses.

The Funds are permitted to buy or sell (write) call options, and when a Fund writes options it may do so on a “covered” or an “uncovered” basis. A call option is “covered” when the writer owns securities of the class or tranche and amount of those as to which the call option applies. The Funds’ options transactions may be part of a hedging tactic, i.e., offsetting the risk involved in another securities position. These activities involve risks that can be large, depending on the circumstances. In general, the principal risks involved in options trading can be described as follows, without considering other positions or transactions into which the Funds may enter.

The Funds are permitted to engage in forward trading. Forward contracts and options thereon, unlike futures contracts, are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward and “cash” trading is substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. Disruptions can occur in any market traded by the Funds due to unusually high trading volume, political intervention, or other factors. Market illiquidity or disruption could result in major losses to the Funds.

The Funds are permitted to be the “buyer” or the “seller” in a credit default contract, in which the buyer is obligated to pay the seller a periodic stream of payments over the term of the contract in return for a contingent payment upon the occurrence of a credit event with respect to an underlying reference obligation. Generally, a credit event means bankruptcy, failure to pay or obligation acceleration. If a Fund is a buyer and no credit event occurs, the Fund may lose its investment (or premium) and have no recovery. However, if a credit event occurs, the buyer typically receives full notional value for a reference obligation that may have little or no value. As a seller, a Fund receives a fixed rate of income throughout the term of the contract, which typically is between one month and five years, provided that no credit event occurs. If a credit event occurs, the seller may pay the buyer the full notional value of the reference obligations. Credit default swaps involve greater risks than if the applicable Fund had invested in the reference obligation directly. In addition to general market risks, credit default swaps are subject to liquidity risk and credit risk.

### **Investments in Companies with Exposure to Virtual Currencies, Blockchain or Distributed Ledger Technology**

The Funds reserve the right to invest a portion of their assets in certain portfolio companies that have exposure to virtual currencies, blockchain, distributed ledger technology or other peer-to-peer financial services (collectively, “Digital Assets”). Digital Assets are new technological innovations with a limited history and involve a high degree of business and financial risk that can result in substantial or total loss of investment. Digital Assets face a number of market, operational, legal, and regulatory risks distinct from other types of assets in which a Fund invests.

Portfolio companies with exposure to Digital Assets such as virtual currencies, face a number of market and operational risks, including volatile prices, disparate prices across different virtual exchanges, risk of an illiquid market, valuation risk, custody risk, risk associated with “mining” or verifying virtual currency transactions, risk of not converting virtual currencies into fiat currencies, and risk that a virtual currency exchange fails or closes due to a security breach, a distributed denial of service attack, fraud or other failure. Virtual currencies may be particularly vulnerable to virtual currency network attacks, hacking or security breaches.

Virtual currencies also present a number of legal and regulatory risks as U.S. federal, state or foreign government bodies or agencies maintain different classifications for virtual currencies within their respective jurisdictions. For example, in the U.S., the SEC has found that certain virtual tokens offered in an initial coin offering are securities that require the offering to be registered or exempt from registration, the CFTC treats bitcoin and other virtual currencies as commodities, and the U.S. Department of the Treasury’s Financial Crimes Enforcement Network (“FinCEN”) requires administrators or exchanges to register as a registered money services business. Furthermore, the global regulatory framework governing virtual currencies varies from country to country and continues to evolve. Some countries have taken an accommodating approach to the regulation of virtual currencies while others have banned their use.

Accordingly, the promulgation of any U.S. or international laws or rules, an adverse change in applicable legal or regulatory requirements, or an adverse review by an applicable judicial authority of any such law or regulation, could have a material adverse effect of the price of certain Digital Assets and on the operations and/or financial performance of portfolio companies with exposure to virtual currencies.

Portfolio companies with exposure to Digital Assets, such as blockchain and distributed ledger technology companies, may also face a number of market and operational risks, including the risk of rapid technological change, introduction of competing blockchain products or applications, risk of hacking or other cyber-security breaches, and failure to implement or adopt such technology. Furthermore, blockchain technology presents a number of legal and regulatory risks as national or international regulation is rapidly changing and developing as the technology evolves. Although the prevalence and scope of applications of blockchain and similar distributed ledger technologies is growing, the technology is also nascent and may be vulnerable to certain risks such as those detailed above. Such risks could have a material adverse effect of the price of certain Digital Assets and on the operations and/or financial performance of portfolio companies with exposure to blockchain or distributed ledger technology.

### **LIBOR and Other Reference Rates**

To the extent that (i) a Fund’s investments (whether made, acquired or otherwise) and/or (ii) a Fund’s and/or its affiliates’ credit arrangements or facilities, hedging activities, derivative or other structures, in each case, are subject to, utilize or otherwise reference, whether directly or indirectly, a variable interest rate that is based on (or calculated with reference to) the London Interbank Offered Rate (“LIBOR,” and together with the Euro Interbank Offered Rate, the

Canadian Dollar Offered Rate, the Secured Overnight Financing Rate (“SOFR”), the Sterling Overnight Index Average (“SONIA”), or any other reference rate, benchmark or index, including in each case, any permutations thereof and any credit spread adjustments thereto, collectively, the “Benchmark Rates”), a Fund and a Fund’s investments may be subject to certain material risks, some of which are described below.

LIBOR is an estimate of the rate at which a sub-set of traditional banks can borrow money from other banks and, together with other interbank offered rates (together with LIBOR, each, an “IBOR”), has been widely used as a reference for interest rates on credit and other financial instruments and agreements globally. Various rates or indices which are deemed to be “reference rates,” including LIBOR, SONIA and SOFR have been and are the subject of recent national and international regulatory guidance and proposals for reform. Some reforms are already effective, including the EU Benchmark Regulation (Regulation (EU) 2016/1011) and the cessation of the publication of Sterling LIBOR rates and certain tenors of US Dollar LIBOR rates after December 31, 2021, while others are still to be implemented. It is expected that no United States Dollar-LIBOR tenors will be published after June 2023, although such tenors may cease being published, or cease to be representative of the market, before then. Regulators, central banks, governments and other market participants are working on replacement Benchmark Rates and the transition of existing instruments and contracts to such new rate. Although it is not possible to identify a comprehensive set of potential risks at this time, the termination of LIBOR presents certain risks to the Funds including, among others, (i) increased volatility or illiquidity in markets; (ii) material delays in or reductions to financing options for actual or prospective portfolio companies; (iii) increased cost of borrowing to a Fund and/or to actual or prospective portfolio companies; (iv) reduction in the value of certain instruments or the effectiveness of related transactions such as hedges; (v) uncertainty under applicable documentation, or difficult and costly consent processes for any required amendments to applicable documentation for a Fund as a borrower or counterparty, or for any actual or prospective portfolio companies in such capacities; (vi) costs of modifications to the Funds’ processes and systems (including IT), and/or costs of administrative services and operations, including monitoring of recommended conventions and Benchmark Rates, or any component of or adjustment to the foregoing; and (vii) costs of causing a Fund and/or, indirectly, causing one or more portfolio companies to incur expenses to manage the transition away from LIBOR. Any such effects of the transition away from LIBOR and the other IBORs, as well as other unforeseen effects, may result in expenses, difficulties, complications or delays for impacted markets and instruments, and could have a material adverse impact on a Fund and/or its investments. Additionally, to the extent swaps, hedges, and/or similar derivatives or instruments that use or reference, whether directly or indirectly, LIBOR or other similar Benchmark Rate, including swaps or contracts used to manage long-term interest rate risk related to assets and/or liabilities, are entered into, in addition to the potential need for renegotiation, there also may be different conventions that arise in different but related market segments, which could result in mismatches between different assets and liabilities and, in turn, in possible unexpected gains and/or losses. Some of these replacement rates may also be subject to compounding or adjustments that cause administrative challenges for the Funds and their portfolio companies, and their respective affiliates and service providers and could also impact

the timing, calculation of, and size of certain performance fees, payments and/or distributions made by the Funds.

While VCP has prior experience in investing during this period of Benchmark Rate transition, there can be no assurance that VCP will be able to manage the Funds' business or performance in a profitable manner before, during or after such transition.

### **Uncertain Exit Strategies**

Due to the illiquid nature of some of the positions which the Funds may acquire, VCP 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.

### **Risks Inherently Associated with Investing in Artificial Intelligence**

Artificial intelligence ("AI") technology companies often face specific risks which Funds will also be exposed to by investing in such companies. Such risks typically include: (1) rapidly changing technologies; (2) technological developments which may quickly render existing technologies obsolete; (3) scarcity of management, technical, scientific, research and marketing personnel with appropriate training; (4) the possibility of lawsuits related to patents and other intellectual property and their associated rights; and (5) rapidly changing investor and/or consumer sentiments and preferences with regard to the AI technology sector. AI algorithms used may be flawed and the datasets on which such algorithms are trained may be insufficient, raise privacy concerns or contain biased information, which could undermine the decisions, predictions or analysis that AI applications produce. Many companies rely on a combination of patent, copyright, trademark and trade secret protection and non-disclosure agreements to establish and protect proprietary rights. There can be no assurance that the Funds or a portfolio company will be able to protect these rights or will have the financial resources to do so, or that competitors will not develop technologies substantially equivalent or superior to a portfolio company's technologies. Competitors of VCP, the Funds or the Funds' portfolio companies have instituted or may institute low cost, high speed financial applications and services based on AI, and new competitors may enter the asset management or technology space using new investment platforms or technologies based on AI. The absence of harmonized patent laws makes it more difficult to ensure consistent protection of intellectual property rights. Reductions in the legal protections for software intellectual property rights could also adversely affect portfolio companies. It will be imperative that the Funds' portfolio companies continue to improve their current products and develop new ones; accordingly, research and development is a key undertaking for the portfolio companies. New technologies may be untested or unproven, and delays and cost overruns from unforeseen technical issues may occur. Research and development can be costly, requiring substantial capital, and there is no way to ensure that the research and development performed will yield positive financial results for any of the Funds' portfolio companies. Because it is generally not possible to predict the amount of time required or the costs involved in achieving certain research and development objectives, actual development costs of the Fund's portfolio companies may

exceed budgeted amounts. A number of governments are considering imposing regulations on AI and AI companies, which could adversely affect the Funds' portfolio companies and their businesses. Additionally, VCP expects the Fund's portfolio companies to face additional competition as they utilize, introduce or acquire new products, as their existing products evolve or as other companies introduce new products and services, including as part of efforts to develop or innovate through the application of new AI-related technologies.

### **Risks Inherently Associated with the Use of Artificial Intelligence**

VCP is beginning to build AI capabilities into its business, operations and offerings, and VCP expects its usage of AI to continue to grow. As with many disruptive innovations, AI presents risks, challenges and unintended consequences that could affect its accuracy and adoption and therefore VCP's business. While VCP intends the use of any AI to make processes more efficient, AI models may not achieve sufficient levels of accuracy to achieve the desired results. AI algorithms may be flawed and the datasets on which such algorithms are trained may be insufficient, raise privacy concerns or contain biased information, which could undermine the decisions, predictions or analysis that AI applications produce, subjecting VCP to competitive harm, legal liability, regulatory action and/or brand or reputational harm. Some AI scenarios present ethical issues. If VCP uses, enables or offers AI solutions that are controversial because of their impact on human rights, privacy, employment or other social issues, VCP may experience brand or reputational harm. Additionally, building AI capabilities into VCP's business, operations and offerings may result in increased investment costs, including due to the diversion of resources and management attention from current operations and the use of alternative investment, governance or compensation structures that may fail to adequately align incentives or otherwise accomplish their objectives.

### **Cybersecurity Risks**

Cyberattacks and other malicious Internet-based activity continue to increase in frequency and magnitude. Techniques used to sabotage, or to obtain unauthorized access to, systems or networks change frequently and generally are not recognized until launched against a target. Therefore, companies, as well as their third-party partners, may be unable to anticipate these techniques, react in a timely manner, or implement adequate preventive measures. VCP, the Funds, the Funds' service providers and their portfolio companies' information and technology systems may be vulnerable to actual or perceived damage or interruption from computer viruses; infiltration by unauthorized persons and security breaches; and other disruptive behavior including denial-of-service attacks. Furthermore, VCP, the Funds, the Funds' service providers and their portfolio companies may be vulnerable to actual or perceived usage errors by their respective professionals, network failures, computer and telecommunication failures, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, winter storms, and earthquakes.

VCP, the Funds, the Funds' portfolio companies, the Funds' service providers, and other market participants increasingly depend on complex information technology and communications systems to conduct business functions. These systems are subject to a number of different threats

or risks that could adversely affect the Funds and the Limited Partners, despite efforts to adopt technologies, processes, and practices intended to mitigate these risks and protect the security of their computer systems, software, networks, and other technology assets, as well as the confidentiality, integrity, and availability of information belonging to the Funds and the Limited Partners. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of VCP, the Funds, the Funds' portfolio companies, the Funds' service providers, counterparties, or the data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers, or other users of VCP's systems to disclose sensitive information in order to gain access to VCP's data or that of the Limited Partners. The use of internet or cloud-based programs, technologies and data storage applications generally heighten these risks.

To the extent that a portfolio company, the Fund, VCP or one or more of their respective service providers is subject to cyberattack or other unauthorized access is gained to their systems by unauthorized third parties, substantial losses can occur in the form of stolen, lost, or corrupted (i) data or payment information; (ii) financial information; (iii) software, contact lists, or other databases; (iv) proprietary information or trade secrets; or (v) other items.

A successful penetration or circumvention of the security of VCP's systems by unauthorized third parties could result in the loss or theft of an Investor's data or funds, the inability to access electronic systems, loss or theft of proprietary information or corporate data, physical damage to a computer or network system or costs associated with system repairs. Such incidents could cause the Funds, the General Partners, VCP, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss. In addition, VCP may incur substantial costs related to investigation of the origin and scope of a cybersecurity incident, increasing, and upgrading cybersecurity protections including its administrative, technical, organizational, and physical controls, acts of identity theft, unauthorized use or loss of proprietary information, adverse investor reaction, increased insurance premiums or difficulties obtaining insurance coverage, or litigation, regulatory actions, or other legal risks.

Similar types of operational and technology risks are also present for the companies in which the Funds invest, which could have material adverse consequences for such companies, and may cause the Funds' investments to lose value.

Although VCP has 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, VCP, the General Partners, the Funds and/or portfolio companies may incur significant time or expense to fix or replace them 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 VCP's, the General Partners', the Funds', portfolio companies' and/or service providers' operations, including the ability to make distributions to Limited Partners, and result in a failure to maintain the security, confidentiality, or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). The use of internet- or cloud-based programs, technologies and data storage applications generally

heightens these risks, and the risks of attack are expected to be heightened in remote work environments. In certain events, failure or deemed failure to address and mitigate cybersecurity risks could harm VCP's, the Funds' and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims including civil litigation or regulatory or other action (from an individual or a governmental body) or otherwise affect their business and financial performance. In addition, VCP's, the Funds' and/or a portfolio company's insurance coverage may be insufficient to compensate any such entity and its respective affiliates for incurred liabilities.

### **Privacy and Data Protection Law Compliance Risk**

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

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

### **Sharing, Utilization and Monetization of Portfolio Company Data and Information**

VCP is permitted to enter into formal or informal arrangements with portfolio companies to facilitate the sharing of data and/or data analytics or may otherwise receive various kinds of portfolio company data and information from portfolio companies, including information relating to business operations, trends, budgets, customers, and other metrics. Subject to applicable legal, regulatory, fiduciary, and contractual requirements, these information-sharing arrangements are designed to allow VCP, the Funds, and their portfolio companies to better discern economic or other trends and developments. VCP believes that access to this information will benefit all of the Funds by providing insight into opportunities for operational improvements across portfolio companies and for VCP and its affiliates to utilize such information in connection with the investment management activities of the Funds. However, such information sharing involves

conflicts of interest among the Funds and/or between the Funds and VCP. For example, data analytics based on inputs from one portfolio company could inform business decisions by other portfolio companies, or investment decisions by VCP and its affiliates, without the source of the data being directly compensated. VCP and its affiliates are permitted to (and may) utilize or monetize (including through licensing, selling, or developing into new products or services) such data and information in activities related or unrelated to the Fund or other Funds. See Item 11 – “Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading – Receipt of Material, Non-Public Information” in this brochure. Such utilization or monetization could provide to VCP a material economic benefit, which would not be shared with the Funds or the Limited Partners or offset or otherwise reduce the Management Fee. As noted, the intellectual property, goodwill, and other assets (tangible or intangible) created by VCP are property of VCP and not the Funds, and the Funds have no right, title, or interest in any such assets. As a result, VCP will have an incentive to pursue investments based on the data or information that could be available or accessible as a result of the ownership of those investments or to utilize that data in a manner that benefits VCP and/or investments held by other Funds. In addition, the acquisition of confidential or material non-public information with respect to portfolio companies of the Fund or other Funds could limit or restrict the ability of the Funds to buy or sell particular securities.

### **Alternative Data Providers**

VCP is permitted to use alternative data in its investment process. Alternative data includes datasets that have been culled from a variety of sources, such as internet usage, payment records, financial transactions, weather and other physical phenomena sensors, applications, and devices (such as smartphones) that generate location and mobility data, data gathered by satellites, and government and other public records databases (this data is sometimes referred to as “big data” or “alternative data”). VCP may apply this alternative data to better anticipate micro- and macro-economic trends and otherwise to develop or improve investment themes. The analysis and interpretation of alternative data involves a high degree of uncertainty and may entail significant expense, including technological efforts, that are expected to be borne—in whole or in part— by the Funds. No assurance can be given that VCP will be successful in utilizing alternative data in its investment process. Moreover, there has been increased scrutiny from a variety of regulators regarding the use of alternative data in this manner, and its use or misuse under current or future laws and regulations could create liability for VCP and the Funds in numerous jurisdictions. VCP cannot predict what, if any, regulatory or other actions may be asserted with regard to alternative data, but any adverse inquiries or formal actions could cause reputational, financial, or other harm to VCP or to the Funds.

### **Financial Institution Risk; Distress Events**

An investment in a Fund is subject to the risk that one of the banks, brokers, counterparties, clearinghouses, exchanges, lenders or other custodians (each, a “Financial Institution”) of some or all of the Fund’s (or any portfolio company’s) assets fails to timely perform, or otherwise defaults, on its obligations or experiences insolvency, closure, seizure, receivership or other financial distress or difficulty, similar to that experienced by Silicon Valley Bank and Signature



Bank in March 2023 (each, a “Distress Event”). Distress Events can be caused by factors including eroding market sentiment, significant withdrawals, fraud, malfeasance, poor performance, undercapitalization, market forces or accounting irregularities. If a Financial Institution experiences a Distress Event, VCP, any General Partner, the Funds and/or any of the portfolio companies may be unable to access deposits, borrowing facilities or other services, either permanently or for an indeterminate period of time. Although assets held by regulated Financial Institutions in the United States frequently are insured up to stated balance amounts by organizations such as the Federal Deposit Insurance Corporation, in the case of banks, and the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of total loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose potentially increased risk of loss. While in recent years governmental intervention has often resulted in additional protections for depositors and counterparties in connection with Distressed Events, there can be no assurance that any intervention will occur, be successful or avoid the risks of loss, substantial delays or negative impact on banking or brokerage conditions or markets.

Any Distress Event has a potentially adverse effect on the ability of VCP to manage the Funds and their investments, and on the ability of VCP, any Fund or any portfolio company to maintain operations, which in each case could result in operational burdens, significant losses and unconsummated investment acquisitions and dispositions. Such losses could include: a loss of funds; an obligation to pay fees and expenses in the event a Fund is unable to close a transaction (whether due to the inability to draw capital on a credit line provided by a Financial Institution experiencing a Distress Event, the inability of the Fund to access capital contributions or otherwise); the inability of the Fund to acquire or dispose of investments, including at prices that the relevant General Partner believes reflect the fair value of such investments; and/or the inability of VCP or portfolio companies to make payroll, fulfill obligations and/or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution’s services, it is also possible that VCP will experience operational burdens and expenses, and a Fund or a portfolio company will incur additional expenses and/or delays in putting in place alternative arrangements and/or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital or otherwise). There can be no assurance that VCP will be able to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, or that such remedies will be successful or avoid losses, delays or the negative impacts. The Funds and their portfolio companies are subject to additional risks in the event a Financial Institution utilized by investors of a Fund or suppliers, vendors, service providers or other counterparties of a portfolio company become subject to Distress Events, which could have a material adverse effect on a Fund, its investors or such portfolio companies, including the risk of investor defaults.

Many Financial Institutions require, as a condition to using their services (including lending services), that VCP and/or the relevant Fund maintain all or a set amount or percentage of their respective accounts or assets with the Financial Institution, which heightens the risks associated with a Distress Event with respect to such Financial Institutions. Although VCP seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their

respective obligations to the Funds, VCP is under no obligation to use a minimum number of Financial Institutions with respect to any Fund, or to maintain account balances at or below the relevant insured amounts.

### **Possibility of Fraud and Other Misconduct of Employees and Service Providers**

Misconduct by (i) Vista employees, (ii) directors, officers, or employees of borrowers or portfolio companies, or (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence or other efforts of the Funds and/or Vista and cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, failing to comply with operational and risk procedures (including due diligence procedures), making misrepresentations regarding prospective investments, improperly using or disclosing confidential or material non-public information, failing to comply with applicable laws or regulations and the concealing of any of the foregoing. Such misconduct may result in reputational damage, litigation, operational disruption, performance volatility and/or financial losses to the Funds. Vista has controls and procedures through which it seeks to minimize the risk that any such misconduct will occur; however, there can be no assurance that such misconduct will be identified or prevented.

### **Litigation**

In the ordinary course of its business, Vista, a Fund, or the issuers of a Fund's investments may be subject to litigation, or the threat of litigation, from time to time. Litigation proceedings or investigations associated with litigation or threatened litigation can be costly and time consuming, without certainty of the outcome or the scope of adverse effects of such outcomes. The outcome of such proceedings may materially adversely affect the value of an investment in a Fund and may continue without resolution for long periods of time. Any litigation may consume substantial amounts of Vista's time and attention and/or the time and attention of the Fund's key personnel, and that time and the devotion of these resources to litigation may, at times, be disproportionate to the amounts at stake in the litigation.

### **ESG Matters**

VCP maintains an ESG policy and seeks to integrate certain ESG factors into its investment process in accordance with its policy and subject to its fiduciary duty and any applicable legal, regulatory or contractual requirements. While ESG considerations are only one of the many factors VCP will consider in making an investment, there is no guarantee that VCP will successfully implement its ESG policy while enhancing long-term shareholder value and achieving financial returns. To the extent that VCP 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 VCP will depend on VCP'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 VCP's view of certain ESG-related and other factors; which carries the risk that the Funds may underperform compared to funds that do not take ESG-related factors into account. Consideration of ESG factors may affect VCP's exposure to certain companies, sectors, regions, countries, or types of investments, which could negatively impact VCP's performance as compared to other market participant who do not take into account or may view differently such ESG factors. Applying ESG factors to investment decisions can be qualitative and subjective by nature, and there is no guarantee that the criteria utilized or considered by VCP or any judgment exercised by VCP will reflect the beliefs or values of any particular investor. Additionally, ESG factors are only some of the many factors the General Partner may consider in making an investment, and there is no guarantee that the General Partner will make investments in companies that create positive ESG outcomes or that consideration of ESG factors will enhance long-term value and financial returns for the Fund. For avoidance of doubt, however, VCP does not expect to subordinate a Fund's investment returns or increase a Fund's investment risks as a result of (or in connection with) the consideration of any ESG factors. In evaluating a company, VCP is dependent upon information and data obtained through voluntary or third-party reporting that may be incomplete, inaccurate, or unavailable, which could cause VCP to incorrectly assess a company's ESG practices and/or related risks and opportunities. ESG-related practices differ by region, industry and issue, as well as the interpretations of their scope and materiality, and are evolving rapidly, and thus VCP's approach may not align with the approach used by other asset managers or preferred by prospective investors or with future market trends. A company's ESG-related practices or VCP's assessment of such practices may evolve and change over time.

VCP does not intend to independently verify certain of the ESG information reported by the portfolio companies. Further, VCP may determine in its discretion that it is not feasible or practical to implement or complete certain of its ESG initiatives (either with respect to certain portfolio companies or in general) based on cost, timing or other considerations determined in their sole discretion. It is also possible that market dynamics or other factors will make it impractical, inadvisable, or impossible for a General Partner to adhere to all elements of the Fund's investment strategy, including with respect to ESG risk and opportunity management and impact, whether with respect to one or more individual investments or to the Fund's portfolio generally. Vista is currently a signatory to the United Nations' Principles for Responsible Investment; however, there is no guarantee that the Vista will remain a signatory of this initiative or other similar industry frameworks. To the extent that VCP provides material ESG reports to investors, such reports will be based on VCP's, the relevant General Partner's or applicable portfolio entity management team's sole and subjective determination of whether a material ESG issue has occurred in respect of an investment.

Finally, there is also growing regulatory interest, particularly in the U.S., UK, and EU, in improving transparency around how asset managers define and measure ESG performance, in order to allow investors to validate and better understand sustainability claims. VCP's ESG practices could become subject to additional regulation in the future (including pursuant to the various legislative initiatives stemming from the action plan on sustainable finance adopted by the EU Commission in March 2018 such as the Sustainable Finance Disclosure Regulation and the Taxonomy

Regulation), and such changes could impact the business of VCP and the Funds with respect to VCP's ESG practices. In particular, in May 2022, the SEC proposed a number of rule amendments that, if adopted, would impose changes on private fund advisers' management of their ESG investment practices, such as by requiring SEC-registered advisers that consider ESG factors as part of one or more significant investment strategies to disclose additional information about such practices including in their Form ADVs. Any such changes are expected to impact VCP and its affiliates, the Funds and/or their investments, as well as increasing their expenses. Additional time and resources may be required to comply with new regulations, which potentially will detract from the time and resources dedicated to the Funds. Further, VCP cannot guarantee that investments will be able to comply with future reporting frameworks, regulatory requirements or best practices, or predict the manner in which any such future requirements (including any enforcement with respect thereto) could affect a Fund or its investments, including with respect to future administrative burdens and costs.

### **European Sustainability-Related Disclosure and Reporting Frameworks**

On June 22, 2020, the Official Journal of the EU published a classification system that establishes a list of environmentally sustainable economic activities and sets out four overarching conditions that an economic activity has to meet in order to qualify as environmentally sustainable (Regulation (EU) 2020/852 of the European Parliament and of the Council of June 18, 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088, "Taxonomy Regulation"). The Taxonomy Regulation, amongst other things, introduces mandatory disclosure and reporting requirements, and supplements the framework set out in the Sustainable Financial Disclosure Regulation (Regulation (EU) 2019/2088 of the European Parliament and of the Council of November 27, 2019 on sustainability - related disclosures in the financial services sector, "SFDR"), which requires certain disclosures in relation to whether, and if so, how sustainability risks and negative impacts on environmental and social factors are taken into account in the investment process. Financial products that have a sustainable investment objective or which promote environmental or social characteristics have an obligation to disclose such an objective or characteristics in pre-contractual disclosures and report on an ongoing basis their performance in achieving those commitments, among other things. The disclosure requirements in the SFDR are supplemented by Commission Delegated Regulation (EU) 2022/1288 of April 6, 2022 supplementing Regulation (EU) 2019/2088 of the European Parliament and of the Council with regard to regulatory technical standards ("RTS") specifying the details of the content and presentation of the information in relation to the principle of 'do no significant harm', specifying the content, methodologies and presentation of information in relation to sustainability indicators and adverse sustainability impacts, and the content and presentation of the information in relation to the promotion of environmental or social characteristics and sustainable investment objectives in pre-contractual documents, on websites and in periodic reports.

On 2 August 2021, a number of delegated regulations that are part of the Action Plan were published in the Official Journal of the EU. Commission Delegated Regulation (EU) 231/2013 ("Level 2 AIFMD") was amended to require sustainability risks to be integrated into the investment

decision-making and risk management processes of EU AIFMs. The amendments apply from 1 August 2022.

The UK government is introducing mandatory disclosure requirements for climate-related financial information aligned with the Taskforce on Climate-Related Financial Disclosures Framework (“**TCFD**”). The UK government’s stated policy objective is for these disclosure requirements to be economy-wide by 2025. The regime covering asset managers, life insurers and Financial Conduct Authority (“**FCA**”)-regulated pension providers (“**firms**”) is regulated by the FCA and came into effect for certain firms from January 1, 2022. This regime captures (amongst others) any asset manager authorized to provide portfolio management services (which includes managing investments or private equity or other private market activities consisting of either advising on investments or managing investments on a recurring or ongoing basis in connection with an arrangement which aims to invest in unlisted securities) where the assets under management exceed £5 billion calculated as a 3-year rolling average. The regime covering UK-registered companies, limited liability partnerships and financial institutions requires climate-related financial information to be disclosed in annual reports on a mandatory basis – in line with recommendations from the TCFD. This will include many of the UK’s largest traded companies, banks and insurers, as well as private companies with over 500 employees and £500 million in turnover.

The UK government has also committed to introducing Sustainability Disclosure Requirements (“**SDR**”) and a UK Green Taxonomy. The intention is for the SDR regime to build on measures already taken or underway to implement disclosure rules aligned with the recommendations of the TCFD across the UK economy, expanding the scope to cover wider sustainability topics beyond climate change. SDR is also intended to include disclosure requirements relating to the forthcoming UK Green Taxonomy (defined as a ‘common framework setting the bar for investments that can be defined as environmentally sustainable’). The UK government has confirmed that the global baseline sustainability reporting standards to be developed by the International Financial Reporting Standards Foundation’s International Sustainability Standards Board will form a core component of the SDR framework, and the backbone of its corporate reporting element. Certain investment products will be required to display a label reflecting their sustainability characteristics.

Compliance with frameworks of this nature may create an additional compliance burden and increased legal, compliance, governance, reporting and other costs to funds, fund managers and/or portfolio companies because of the need to collect certain information to meet the disclosure requirements. In addition, where there are uncertainties regarding the operation of the framework, a lack of official, conflicting or inconsistent regulatory guidance, a lack of established market practice and/or data gaps or methodological challenges affecting the ability to collect relevant data, funds and/or fund managers may be required to engage third-party advisors and/or service providers to fulfil the requirements, thereby exacerbating any increase in compliance burden and costs. Compliance with requirements of this nature also increase risks relating to financial supervision and enforcement action. To the extent that any applicable jurisdictions enact similar laws and/or frameworks, there is a risk that the Funds may not be able to maintain

alignment of a particular investment with such frameworks, and/or may be subject to additional compliance burdens and costs, which might adversely affect the investment returns of the Funds.

### **Force Majeure Events**

Certain force majeure events (meaning those events beyond the control of the party claiming that the event has occurred, including acts of God, fire, flood, earthquakes, war, terrorism, and labor strikes) may adversely affect the ability of VCP, its affiliates, the Funds, the issuers of investments, counterparties of the foregoing or other persons or entities to perform their respective obligations. The cost of repairing or replacing assets damaged by a force majeure event could be considerable. In addition, repeated or prolonged service interruptions resulting from a force majeure event may cause a permanent loss of business, substantial litigation, or significant penalties for regulatory or contractual non-compliance, though in some cases, agreements may be terminable if a force majeure event is so catastrophic as to render it incapable of remedy within a reasonable, pre-agreed time period. The occurrence of a force majeure event may, directly or indirectly, have a material adverse effect on the Funds and/or any of their investments.

### **Counterparty Risks**

The Funds depend on the services of custodians, counterparties, administrators, and other agents to carry out certain transactions on behalf of the Funds. The terms of these contracts are often customized and complex, and many of these arrangements occur in markets or relate to products that are not subject to regulatory oversight. The Funds are subject to the risk that the counterparty to one or more of these contracts defaults, either voluntarily or involuntarily, on its performance under the contract. Any such default may occur suddenly and without notice to VCP. Moreover, if a counterparty defaults, VCP may be unable to take action to cover the Funds' exposure, either because it lacks contractual recourse or because market conditions make it difficult to take effective action. This inability could occur in times of market stress, which is when defaults are most likely to occur.

In the event of the insolvency of a custodian, counterparty or any other party that is holding assets of the Funds as collateral, the Funds might not be able to recover equivalent assets in full as they will rank among the custodian's or counterparty's unsecured creditors in relation to the assets held as collateral. In addition, the Funds' cash held with a custodian or counterparty generally will not be segregated from the custodian's or counterparty's own cash, and the Funds may therefore rank as an unsecured creditor in relation thereto.

The counterparty risks that the Funds face have increased in complexity and magnitude in recent years. For example, consolidation and elimination of counterparties has increased the concentration of counterparty risk and decreased the universe of potential counterparties, and the Funds are generally not restricted from dealing with any particular counterparty or from concentrating any or all of its transactions with one counterparty. In addition, counterparties generally react to market volatility by tightening their underwriting standards and increasing their

margin requirements for all categories of financing, which could result in a decrease in the overall amount of leverage available and increasing the costs of borrowing to the Funds.

### **Adequacy and Availability of Insurance**

While the Funds may seek to make investments where insurance and other risk management products are, to the extent available on commercially reasonable terms, utilized to mitigate the potential loss resulting from catastrophic events and other risks customarily covered by insurance, such coverage may not always be practicable or feasible. Moreover, it will not be possible to insure against all such risks, and any insurance proceeds 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 any necessary replacement or rehabilitation, as applicable. Certain losses of a catastrophic nature (i.e., those caused by force majeure events) may be either uninsurable or insurable at such high rates as to adversely impact the Funds' profitability if such insurance were obtained.

### **Obligations on Disposition**

Some of the Funds' investments may require the Fund to make representations about the business and financial affairs of the obligor typical of those made in connection with the sale of a business. The Funds also may be required to indemnify the purchasers of such investment if any such representations are inaccurate or with respect to certain potential liabilities or other liabilities. The obligations of the Funds would be payable from the assets of the Funds, including the unfunded commitments of the partners. If the assets of the Funds are insufficient to pay such obligations, Investors may be required to return distributions previously made to them to satisfy such obligations.

### **Deployment of Capital**

In light of the need to be able to deploy capital quickly to capitalize on potential investment opportunities or to establish reserves for anticipated debts, liabilities, or obligations, including liquidity needs, cash may be held by the Funds in money market investments pending deployment into other investments, the amount of which may at times be significant. While the duration of any such holding period is expected to be relatively short, in the event the Funds are unable to find suitable investments, such money market investments may be held for longer periods, which would be dilutive to overall investment returns. It is not anticipated that the temporary investment of such cash into money market investments will generate significant interest, and Limited Partners should understand that such low interest payments on the temporarily invested cash may adversely affect the overall returns of the Funds.

### **U.S. Taxation of Carried Interest**

U.S. federal income tax law treats certain allocations of capital gains to service providers by partnerships such as the Funds as short-term capital gain (taxed at higher ordinary income rates)

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

### ***Risks Related to the Credit Investment Strategy***

#### **Capital Structure Leverage**

The Credit Funds' investments are expected to include businesses whose capital structures may have significant leverage. Such investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. Leverage often imposes restrictive financial and operating covenants on a business, in addition to the burden of debt service, and may impair its ability to finance future operations and capital needs. The leveraged capital structure of such investments will increase the exposure of such companies to adverse economic factors such as downturns in the economy or deterioration in the condition of a company or its industry.

#### **Competition for Investments; Lack of Sufficient Opportunities**

The business of identifying, structuring and originating the types of investments targeted by a Credit Fund is highly competitive and involves a high degree of uncertainty. The Credit Fund's success will depend, in part, on the ability of the Credit Fund to originate or acquire investments on advantageous terms. The Credit Fund will compete with a broad spectrum of lenders and sources of capital, including other public and private investment vehicles, commercial and investment banks, commercial financing companies, insurance companies, CLOs, high yield investors, hedge funds, pension plans, institutional investors and, in certain cases, private debt funds, as well as other current and future clients and accounts managed or advised by VCP and its affiliates (collectively, "**Competitors**"), many of which have substantially greater financial resources and are more well-known or more well established than the Fund. In general, the corporate, non-mortgage debt and equity origination markets present relatively low barriers to entry, and significant competition is likely. Increased competition for, or a diminishment in the available supply of, qualifying loans or other debt obligations could result in lower yields on investments, which could reduce returns to Limited Partners.

Further, over the past several years, an ever-increasing number of Competitors have been or are being formed and/or expanded (and many such existing Competitors have grown in size) and such Competitors have also become more active in the private debt market and other markets



targeted by the Credit Fund. These investors may make competing offers for investments identified by VCP. Additional funds with similar investment objectives may be formed in the future by other unrelated parties. Many current and potential competitors in the debt and equity origination business are much larger than the Fund's expected size and, accordingly, have far greater financial, technical, marketing and other resources. The Credit Fund will be subject to various elements of competition, including interest rates and financing costs; origination standards; convenience; customer service; the size, term and seniority of financing arrangements; and marketing and distribution channels. Price pressure from competitors (including market participants that are not directly originating loans) may cause the Fund to lower the interest rates that it charges borrowers, which consequently may lower the value of the Fund's investments. Further, if competitors adopt less stringent origination standards in order to maintain their origination volume, the Fund may elect to do so as well. If the Credit Fund adopts less stringent origination standards, the Fund will bear increased risk for each loan originated under such less stringent standards, which may not be compensated by an increase in price. Alternatively, the Fund may determine not to adopt less stringent origination standards in this competitive environment, which decision may result in a loss of market share. Increased pressure on pricing and origination opportunities likely would reduce the volume and quality of the Fund's origination activity and materially adversely affect the Fund. In particular, from time to time there may be influxes of capital directed at lending to smaller borrowers, which may result in a tendency by the highest quality borrowers to borrow from sources other than the Fund such that the Fund's origination opportunities and its eventual portfolio include a disproportionate number of lower quality borrowers, exacerbating some of the risks outlined here.

Some competitors may have higher risk tolerances or different risk assessments than the Fund, thereby allowing such competitors to achieve a broad diversification of investments and to establish more relationships than the Fund. Some competitors may have a lower cost of funds and access to more stable funding sources that are not available to the Fund. These competitive pressures could have a material adverse effect on the Fund.

It is possible that the Credit Fund will never be fully invested if enough sufficiently attractive investments are not identified. Even if such investments are made, there can be no assurance that such investments will be realized at favorable returns or that the objectives of the Fund will be achieved. The Fund may also incur significant expenses identifying, investigating and attempting to make potential investments that are ultimately not consummated. Moreover, Vista's beliefs regarding the availability of investment opportunities for the Fund are based in part on assumptions regarding the amount of financing that will be available, the Fund's ability to participate in such investments and other market, economic and related assumptions, some or all of which may not materialize as expected.

### **Failure to Syndicate or Participate**

One or more Credit Funds may originate loans or other investments with the intention of selling a portion of such Credit Funds' interests in such loans or other investments to co-investors and/or third parties, some or all of which may be affiliates of Vista or investment vehicles managed by

Vista or its affiliates (including other Credit Funds). In the event that the Credit Funds do not or are unable to syndicate or sell down an investment or investments, the applicable Credit Fund(s) may be forced to retain larger amounts of such investment or investments than originally intended. In such event, the Credit Fund's or Credit Funds' investment portfolio could become significantly concentrated in a particular investment or investments.

### **Bank Debt Ratings**

The ratings that may be assigned by various credit rating agencies to loans or other debt instruments that may be acquired by the Credit Funds reflect only the views of those agencies. Explanations of the significance of ratings should be obtained from such credit rating agencies. No assurance can be given that ratings assigned will not be withdrawn or revised downward if, in the view of such credit rating agency, circumstances so warrant.

### **Prepayment Risk**

Loans are generally prepayable in whole or in part at any time at the option of the obligor at par plus accrued and unpaid interest thereon, and occasionally plus a prepayment premium. Prepayments on loans may be caused by a variety of factors which are often difficult to predict. Consequently, there exists a risk that loans purchased at a price greater than par may experience a capital loss as a result of such a prepayment. When credit market conditions become more attractive to obligors, the rate of prepayment of the Funds' assets would be expected to increase as obligors refinance to take advantage of such improved conditions, which may negatively impact the Funds.

### **Volatility of Leveraged Loan and Credit Markets**

Significant risks for the Credit Funds and their Investors exist as a result of the potential for disruptions in the credit markets. These risks include, among others, (i) the likelihood that a Fund may find it more difficult to sell any of its investments in the secondary market, thus rendering it more difficult to dispose of such investments if and when it desires to sell them, (ii) the possibility that the price at which investments can be sold by a Fund will have deteriorated from the cost of such investment to a Fund (iii) the possibility of accelerated prepayments of attractively priced (*i.e.*, the all-in yield), structured or performing investments as a result of increased liquidity and competition in the middle-market private debt asset class driven by economic conditions, relative performance, monetary policy or other governmental action or other factors and (iv) the impact of adverse economic conditions on the obligors of a Fund's investments. These risks may affect the returns, if any, to the Investors or the ability of the Funds to return any or all of the Investors' capital contributions.

Disruptions in the credit markets may reduce opportunities for the Credit Funds to make investments and may also heighten refinancing risk in respect of maturing Credit Fund investments. Any events that cause a deterioration in loan performance generally may affect the

returns, if any, to the Limited Partners or the ability of the Credit Funds to return any or all of the relevant Limited Partners' capital contributions.

Negative macroeconomic conditions may adversely affect the credit rating (if any), performance and the realization value of Credit Fund investments. It is possible that Credit Fund assets will experience higher default rates and lower recovery rates than anticipated and that performance will be materially worse than expected.

The bankruptcy or insolvency of a major financial institution may have a material adverse effect on the Funds, particularly if such financial institution is the administrative agent of a Fund investment or is otherwise the counterparty to a contract with a Fund (including a hedging-related contract). In addition, the bankruptcy, insolvency, or financial distress of one or more additional financial institutions, or one or more sovereigns, could trigger additional disruptions in the global credit markets or the global economy which could have a material adverse effect on the Funds and their investments.

### **Collateral Obligation Performance May Decline**

Downturns in economic trends nationally as well as in specific geographic areas of the United States could result in an increase in loan defaults and delinquencies. Though levels of defaults and delinquencies have decreased from peak levels, there is a material possibility that economic activity will be volatile or will slow, and some obligors may be significantly and negatively impacted by negative economic trends. A decreased ability of obligors to obtain refinancing (particularly as high levels of required refinancings approach) may cause a deterioration in loan performance generally and defaults of collateral obligations to certain Credit Funds. There is no way to determine whether such trends in the credit markets will continue, improve or worsen in the future.

### **Inflation and Deflation**

Inflation risk is the risk that the value of certain investments or income thereon will be worth less in the future as inflation decreases the value of money. As inflation increases, the real value of the Credit Funds' investments can decline. Deflation risk is the risk that prices decline over time – the opposite of inflation. Deflation may have an adverse effect on the creditworthiness of companies in which the Credit Funds invest and may make defaults more likely, which may result in a decline in the value of the Credit Funds' investments.

Many world governments, as well as inter-governmental institutions, have undertaken and in some cases may still be undertaking various and in some cases unprecedented forms of fiscal stimulus, including setting interest rates that are (and have been for extended periods) at historic lows. It cannot be predicted with certainty when, or how, these policies will change, but actions by the U.S. Federal Reserve and other central bankers may have a significant effect on interest rates and on the U.S. and world economies generally, which in turn may affect the performance of the Credit Funds' investments. As of the date hereof, interest rates have recently increased significantly in the U.S. and other economics, which have experienced significant levels of

inflation that have not been seen in several decades, and the inflation trend is expected to continue at least in the near and medium term and possibly the long term. Inflation and rapid fluctuations in inflation rates have recently had, and may continue to have, negative effects on the economies and financial markets (including securities markets) of various countries, including those with emerging economies. In an attempt to stabilize inflation, certain countries have imposed wage and price controls at times, and certain central banks have raised interest rates. Governmental efforts to curb inflation often have negative effects on the level of economic activity. It remains uncertain whether substantial inflation in the U.S. and other developed economies will be sustained over an extended period of time or have a significant effect on the U.S. or other economies. In addition, there is significant concern in macroeconomic terms about the general levels of indebtedness carried by certain governments. While bringing with it a range of issues, one of the consequences of an extended period of a higher than desired level of inflation is often to erode in real terms the value of government debt in a manner that reduces the economic cost in real terms of their payment obligations on such debt. This element of debt erosion may create an incentive for governments to be less robust in seeking to deal with inflation than might otherwise have been the case had the government concerned not suffered from a high level of indebtedness. If such inflation occurs it would have the negative consequences for the Credit Funds set out above.

Further financial crises may result in additional governmental intervention in the markets. In addition, the consequences of the extensive changes to the regulation of various markets and market participants contemplated by the legislation and increased regulation arising out of a financial crisis are difficult to predict or measure with certainty.

### **Credit Risks of Investments in Debt Instruments**

The Credit Funds will primarily invest in senior secured debt, and to a lesser extent subordinated debt, and other debt and debt-related instruments senior to common equity and equity securities, which are subject to credit and interest rate risks. “Credit risk” refers to the likelihood that an obligor will default on the payment of principal and/or interest on a debt investment. Financial strength and solvency of an obligor are the primary factors influencing credit risk. In addition, lack or inadequacy of collateral or credit enhancement for a debt investment may affect its credit risk. Credit risk may change over the life of an investment. Debt investments that are rated by rating agencies (potentially including any investments acquired by the Funds through syndicated debt markets) are often reviewed and may be subject to downgrade, which generally results in a decline in the market value of such investment. “Interest rate risk” refers to the risks associated with market changes in interest rates. Interest rate changes may affect the value of a debt investment directly (particularly in the case of investments with adjustable rates) and indirectly (particularly in the case of fixed rate investments). In general, rising interest rates will negatively impact the price of a fixed rate debt investment and falling interest rates will have a positive effect on price. Adjustable-rate investments also react to interest rate changes in a similar manner although generally to a lesser degree (depending, however, on the characteristics of the reset terms, including the index chosen, frequency of reset and reset caps or floors, among other

factors). Interest rate sensitivity is generally more pronounced and less predictable in investments with uncertain payment or prepayment schedules.

### **Extension Risk**

During periods of rising interest rates, the average life of certain fixed rate debt and preferred stock securities is extended because of slower than expected principal payments. This may lock in a below-market interest rate and extend the duration of these securities, making them more sensitive to changes in interest rates. As a result, in a period of rising interest rates, these securities may exhibit additional volatility and additional loss in value.

### **Concentration of Investments, Generally**

The Credit Funds may participate in a limited number of investments and, as a consequence, the aggregate return of a Credit Fund may be substantially adversely affected by the unfavorable performance of any single investment. Moreover, since all of a Credit Fund's investments cannot reasonably be expected to perform well or even return capital, for the Fund to achieve above-average returns one or a few of its investments must perform very well. There can be no assurance that this will be the case. In addition, other than as set forth herein, Investors have no assurance as to the degree of diversification of a Credit Fund's investments, either by geographic region, asset type or sector. To the extent a Credit Fund concentrates investments in a particular obligor, industry, security will become and business conditions with respect thereto. Furthermore, to the extent that capital raised is less than a relevant General Partner's target, a Fund may be overweight in certain investments made during such Fund's offering period and may acquire fewer investments than it would ordinarily target and thus be less diversified. If a Fund co-invests with other Credit Funds, a Limited Partner may have exposure to investments through more than one Fund. Moreover, even where a Fund does not co-invest with any other Credit Funds, a Limited Partner may have additional exposure to a portfolio company in which the Fund invests where such Limited Partner has invested in another Credit Fund or Equity Fund that has separately invested in such portfolio company in a different layer of such company's capital structure. In circumstances where the General Partner intends to refinance, sell or syndicate all or a portion of the capital invested in an investment, there will be a risk that such transaction may not be completed, which could lead to the Fund owning a larger amount of such investment than initially intended, which would further impact diversification.

### **Limited Information Concerning Potential Investments**

The Credit Funds may not receive access to all available information relating to an investment. Although VCP intends to conduct due diligence with respect to the investments, there can be no assurance that such due diligence processes will uncover all relevant facts. In addition, investment analyses and decisions by VCP may frequently be required to be undertaken on an expedited basis to take advantage of investment opportunities, especially in the case of liquid debt investments. In such cases, the information available to VCP at the time of making an investment decision may be limited, and they may not have access to detailed information

regarding the investment. Therefore, no assurance can be given that VCP will have knowledge of all circumstances that may adversely affect an investment.

### **Interest Rate Risk**

Credit portfolios are subject to interest rate risks; changes in the prevailing market interest rates could negatively affect the value of such investments in the Credit Funds' portfolios. The ability of companies or businesses in which the Credit Funds may invest to refinance debt instruments or repay debt obligations (including making payments to the Credit Funds as creditors with respect thereto) may depend on their ability to obtain financing, including by selling new securities or instruments in the high yield debt or bank financing markets, which at certain points over the last several years have been extraordinarily difficult to access at favorable rates. Volatility and instability in the securities market may also increase the risks inherent in the investments. Interest rate changes may affect the value of a debt instrument indirectly (especially in the case of fixed rate securities) 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. While interest rates are currently expected to remain at favorable rates in the near term, there is a consensus that the U.S. Federal Reserve will at some point in the future tighten the monetary supply and increase benchmark interest rates, which may have a negative impact on the price of debt instruments globally and could adversely affect the value of the investments. Additional factors that may affect market interest rates include, without limitation, inflation, slow or stagnant economic growth or recession, unemployment, international disorders, and instability in domestic and foreign financial markets. The Credit Funds expect that they will periodically experience imbalances in their assets and liabilities as a result of changes in interest rates. In a changing interest rate environment, the Credit Funds may not be able to manage this risk effectively. If the Credit Funds are unable to manage interest rate risk effectively, the Credit Funds' performance could be adversely affected. While the Credit Funds may seek to do so, the Credit Funds are not required to hedge their interest rate risk.

### **Nature of Investment in First Lien Senior Loans**

The assets of the Credit Funds' portfolios may include first lien senior secured debt, including term loans and revolving loans and may pay interest at a fixed or floating rate.

The Credit Funds are permitted to acquire interests in 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 Credit Funds acquire

loans pursuant to an assignment, it is possible that the Credit Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee.

Some of the senior secured loans acquired by the Credit Funds may be rated below investment grade or may not be rated by a credit rating agency. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in senior secured loan trading will provide an adequate degree of liquidity for the investments therein.

The factors affecting an issuer's first lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other debt of an issuer. 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 Credit Funds' collateral would adversely affect the priority of the liens and claims held by the Credit Funds and could adversely affect the Credit Funds' recovery on its investments.

Further, loans may become non-performing for a variety of reasons. Non-performing debt obligations may require substantial workout negotiations, restructuring, or bankruptcy filings that may entail a substantial reduction in the interest rate, deferral of payments, and/or a substantial write-down of the principal of a loan or conversion of some or all of the debt to equity.

Senior secured credit facilities are often syndicated to a number of different financial market participants. The documentation governing the facilities typically require either a majority consent or, in certain cases, unanimous approval for certain actions in respect of the credit, such as waivers, amendments, or the exercise of remedies. Senior secured loans are also subject to other risks, certain of which may be even more pronounced for the Credit Funds as a result of its debt investments in portfolio companies of the Equity Funds and the Perennial Fund, causing unsecured creditors to seek remedies in order to limit the Credits Funds' potential recovery, 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 in the 90 days before a bankruptcy filing; (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 Credit Funds' debt positions recharacterized as equity and therefore subordinate the Credit Funds' claims to such creditors' claims; and (vii) designating the vote under a Chapter 11 of the Bankruptcy Code plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

The 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 Credits Funds earlier than expected.

## **Nature of Investment in Second Lien Senior Loans**

The assets of the Credit Funds' portfolios may include second lien senior secured debt, including term loans and revolving loans and may pay interest at a fixed or floating rate. The investments in second lien senior loans may be unsecured and will rank behind the issuer's secured indebtedness, including first lien senior loans.

The Credit Funds are permitted to acquire interests in second 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 Credit Funds acquire loans pursuant to an assignment, it is possible that the Credit Funds' claims may be subject to attack (i.e., equitable subordination or disallowance) on account of the conduct of the transferee.

Some of the second lien senior secured loans acquired by the Credit Funds may be rated below investment grade or may not be rated by a credit rating agency. In terms of liquidity with respect to such investments, there can be no assurance that levels of supply and demand in senior secured loans trading will provide an adequate degree of liquidity for the investments therein.

Second lien loans are also subject to other risks and can cause unsecured creditors to seek remedies in order to limit the Credit Funds' potential recoveries 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 in the 90 days before a bankruptcy filing; (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 Credit Funds' debt positions recharacterized as equity and therefore subordinate the Credit Funds' claims to such creditors' claims; and (vii) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 of the Bankruptcy Code plan of reorganization in which lenders are entitled to vote as a class. It is possible that a secondary loan market participant can be denied a recovery from the debtor in a bankruptcy if a prior holder of the loans either received and does not return a preference or fraudulent conveyance or engaged in conduct that would qualify for equitable subordination.

The 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 Credit Funds earlier than expected. Second lien loans of the type targeted by the Credit Funds generally have maturities ranging from five to seven years. It is common for second 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 are permitted, and the timing of prepayments cannot be predicted with any accuracy. The degree to which issuers prepay senior debt, whether as a contractual requirement or at their election, may be



affected by general business conditions, market interest rates, the issuer's financial condition, and competitive market conditions among lenders.

### **Nature of Investment in Unitranche Debt**

The Credit Funds are permitted to 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 herein, but because unitranche loans are a newer form of debt instrument and they have not been fully evaluated through a credit cycle, they subject the relevant 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 expose the relevant Funds to a heightened risk of litigation among the lender group in the event of bankruptcy.

### **Nature of Investment in Senior Debt**

The Credit Funds' investments are expected to include first lien and second lien senior secured debt. Such debt may (i) include term loans and revolving loans, (ii) pay interest at a fixed or floating rate and (iii) be acquired 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, although its rights can be more restricted than those of the assigning institution.

The factors affecting an issuer's first and second lien loans, and its overall capital structure, are complex. Some first lien loans may not necessarily have priority over all other unsecured debt of an issuer. For example, some 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. Issuers of first lien loans may have two tranches of first lien debt outstanding, each with first liens on separate collateral. Second lien loans are subordinate in right of payment to one or more senior secured loans of the related issuer and therefore are subject to additional risk that the cash flow of the related issuer and the collateral securing the loan may be insufficient to repay the scheduled payments to the Credit Funds after giving effect to any senior secured obligations of the related issuer. Second lien senior loans are also expected to be more illiquid than first lien senior secured loans for this reason. Moreover, there is less likelihood that the Credit Funds will be able to sell participations in second lien loans that it originates or acquires, which would expose the Credit Funds to higher risk with respect to the issuer. Additionally, a risk of second-lien loans is the inability of the Credit Funds to make certain decisions with respect to the issuer pursuant to any inter-creditor or similar

arrangement with the first-lien lender. In certain cases, therefore, no recovery may be available from a defaulted second-lien loan. The level of risk associated with investments in second-lien loans increases to the extent such investments are loans of distressed or below investment grade companies.

If an issuer defaults on the Credit Funds' second-lien loan or debt senior to the Credit Funds' loan, or in the event of an issuer bankruptcy, the Credit Funds' second-lien loan will be satisfied only after the senior debt has been repaid in full. As a result, the Credit Funds may not recover some or all of their investment. In addition, second-lien loans may have higher loan to-value ratios than conventional loans, resulting in less equity in the collateral and increasing the risk of loss of principal.

Senior secured credit facilities may be syndicated to a number of different financial market participants. The documentation governing these facilities typically requires either a majority consent or, in certain cases, unanimous approval for certain actions with respect to the outstanding loans, such as waivers, amendments or the exercise of remedies. In addition, voting to accept or reject the terms of a credit restructuring pursuant to a Chapter 11 plan of reorganization is usually done on a class basis. As a result of these voting regimes, the Credit Funds may not have the ability to control any decision as it relates to an amendment, waiver, exercise of remedies, restructuring or reorganization of an investment.

Further, senior secured loans are subject to other risks and can cause unsecured creditors to seek remedies to limit the Credit Funds' potential recovery from 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 in the 90 days before a bankruptcy filing; (iii) equitable subordination claims by other creditors; (iv) "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 Credit Fund's debt investments recharacterized as equity and therefore subordinate the Credit Funds' claims to such creditors' claims; and (vii) designating the vote (i.e., ignoring the customary class vote system) under a Chapter 11 plan of reorganization in which lenders are entitled to vote as a class.

### **Nature of Loan Priority and Security**

The Credit Funds' assets may include loans that are secured by a fixed or floating lien on some or substantially all of a borrower's assets. Although secured loans are generally senior in priority, there are many factors that may impact the security, placement, and priority of secured loans in the overall capital structure of the borrower.

Unsecured creditors may, in certain cases, have priority over the claims of secured creditors. Additionally, the Credit Funds' investments in secured loans may be unperfected for a variety of reasons, including the failure to make required filings or renew required filings prior to expiration thereof and, as a result, the Credit Funds may not have priority over other creditors as anticipated.

To the extent that the Credit Funds' debt investments are only secured by specific assets, the Credit Funds' claim will not have priority over the claims of unsecured creditors on the borrower's other assets. Furthermore, in the event of non-payment of interest or principal of a loan, or other default resulting in an exercise of lender rights, there is no guarantee that the collateral can be readily liquidated or that the liquidation of such collateral would satisfy all of the borrower's obligations under the loan documents.

Secured credit facilities are typically syndicated to a large number of leveraged loan market participants and the Credit Funds may not hold a majority of any such credit facility. The Credit Funds may not hold all or even a majority of a secured credit facility. Actions and approvals under loan documentation typically only require a majority consent and actions or approvals requiring unanimous approval from the lenders are limited. In a bankruptcy, voting to accept or reject the terms of a restructuring of a credit pursuant to a chapter 11 plan of reorganization is done on a class basis. As a result of the voting systems in place both before and in a bankruptcy, the Credit Funds may not have the ability to control decisions in respect of certain amendment, waiver, consent, asset sale, debt incurrence, lien release, exercise of remedies, subordination of payment or lien priority, restructuring or reorganization of debts owed to the Credit Funds.

Many secured credit loan documents contain accordion and other provisions allowing the borrower to increase borrowing capacity under such credit facilities and/or incur additional debt outside of such credit facilities, which could dilute the value of the collateral securing such borrowing and increase the risk that the Credit Funds' loans would be undersecured. The loan documents may also allow the borrower to sell or otherwise transfer assets outside of the collateral package (and cause the release of liens thereon), which could result in reduction of enterprise value of the borrower and/or increase the risk that the Credit Funds' loans would be undersecured.

In certain cases, the borrower and a majority (or other requisite subset of lenders) may also agree to amend the loan documents to permit certain actions that may be adverse to the interests of the Credit Funds, in each case, without the Credit Funds' consent. These actions may include, without limitation, any one or a combination of: (i) the sale or other transfer of material assets outside of the collateral package securing the Credit Funds' loans, (ii) the release of liens on such material assets, (iii) an increase to debt incurrence capacity, (iv) the incurrence of superpriority debt, or (v) the subordination of payment and/or lien priority of any existing loans, including the Credit Funds' loans. Furthermore, in the event of a filing by an issuer under chapter 11 of the Bankruptcy Code, the borrower is authorized to obtain additional financing by granting creditors a superpriority lien on its assets, senior even to liens that were first in priority prior to the filing, as long as the borrower provides "adequate protection" (as determined by the presiding bankruptcy judge) that may consist of the grant of replacement or additional liens or the making of cash payments to the affected secured creditor. The transfer of material assets outside of the collateral package, incurrence of additional indebtedness, subordination of payment and/or lien priority on the Credit Funds' collateral, both before or in a bankruptcy would adversely affect the priority of the liens

and claims held by the Credit Funds and could adversely affect the Credit Funds' recovery on its debt investments.

### **Nature of Investment in Subordinated Debt Instruments**

The Credit Funds' investments in subordinated debt will be unsecured and rank behind the issuer's secured indebtedness. While such subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of the investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. For example, under typical subordination terms, secured creditors are able to block the acceleration of the debt or the exercise by debt holders of other rights or remedies they may have as creditors for a period of time. In addition, the unsecured debt in which the Credit Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency. Further, upon any distribution to an issuer's creditors in a bankruptcy, liquidation or reorganization, or similar proceeding, the holders of such issuer's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made with respect to the Credit Funds' subordinated debt investments. In the event of a bankruptcy, liquidation or reorganization, or similar proceeding relating to an issuer, the Credit Funds will participate with all other holders of such issuer's indebtedness in the assets remaining after the issuer has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). An issuer may not have sufficient funds to pay all of its creditors and the Credit Funds may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such issuer or the holders of indebtedness that is not subordinated.

### **Covenant-Lite Loans**

Although Vista generally expects the loan documentation of most of the Credit Fund investments to include both incurrence and maintenance-based covenants, there may be instances in which such investments do not have maintenance financial covenants ("Covenant-Lite Loans") in the related loan documentation. An investment in such a Covenant-Lite Loan may potentially hinder the ability to re-price credit risk associated with a portfolio company's performance and reduce the creditors' ability to restructure a non-performing loan and mitigate potential loss. These flexible covenants (or the absence of covenants) could cause obligors to experience a significant downturn in their results of operation without triggering any default that would permit holders of directly originated senior secured loans (such as the Credit Funds) to accelerate indebtedness or negotiate terms and pricing. As a result, the Credit Funds' exposure to losses may be increased, which could result in an adverse impact on the return to Investors.

### **Mezzanine and Other Subordinated Investments**

The Credit Funds are permitted to invest in loans, securities and/or other instruments, or interests in pools of securities and/or other instruments that are subordinated or may be subordinated in

right of payment and ranked junior to other securities and/or instruments issued by, or loans made to, obligors. Mezzanine and other subordinated debt investments involve a high degree of risk with no certainty of any return of capital. Although subordinated debt is senior to common stock and other equity securities in the capital structure, it may be subordinated to large amounts of senior debt and is often unsecured.

While subordinated debt investments may benefit from the same or similar financial and other covenants as those enjoyed by the indebtedness ranking ahead of such investments and may benefit from cross-default provisions, some or all of such terms may not be part of particular investments. In addition, the ability of the subordinated debt holders to influence a company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors. For example, under terms of subordination agreements, senior creditors are typically able to block the acceleration of the mezzanine debt or other exercises by the subordinated creditors of their rights. Accordingly, the relevant Credit Funds may not be able to take the steps necessary to protect their investments in a timely manner or at all. Further, the unsecured debt in which certain Credit Funds may invest may not be protected by financial covenants or limitations upon additional indebtedness, could have limited liquidity and may not be rated by a credit rating agency.

Subordinated debt investments may increase a relevant Credit Fund's exposure to adverse economic factors such as significantly rising interest rates, severe downturns in the economy or deterioration in the condition of the obligor on the subordinated debt investment. Conversely, mezzanine loans and other subordinated debt investments are often less risky than equity investments because the claims of subordinated debt investors are typically senior to those of equity holders in the company. In the event that any obligor of a mezzanine loan or other subordinated debt investment is unable to generate sufficient cash flow to meet the principal and interest payments on its indebtedness, the value of the relevant Credit Fund's investment in such loan could be significantly reduced or even eliminated.

If an obligor becomes subject to insolvency proceedings in any jurisdiction, the rights of holders of mezzanine and subordinated debt may be adversely affected. Such proceedings and related laws and remedies vary substantially from jurisdiction to jurisdiction, may create the right of such obligor to avoid certain unfavorable contracts or obligations and may result in significant delay and/or limitations on repayment of amounts owed to a relevant Credit Fund. With respect to a Credit Fund's investments in the form of subordinated debt obligations, upon any distribution to the relevant borrower's creditors in a bankruptcy, liquidation or reorganization or similar proceeding, the holders of such borrower's senior and/or secured indebtedness (to the extent of the collateral securing such obligation) will be entitled to be paid in full before any payment may be made on such investment. In the event of a bankruptcy, liquidation or reorganization or similar proceeding relating to such a borrower, a relevant Credit Fund will typically participate with all other holders of such borrower's indebtedness in the assets remaining after the borrower has paid all of its senior and/or secured indebtedness (to the extent of the collateral securing such obligation). Such borrower may not have sufficient funds to pay all of its creditors, and a relevant

Credit Fund may receive nothing, or less, ratably, than the holders of senior and/or secured indebtedness of such borrower or the holders of indebtedness that is not subordinated.

### **Sub-Investment Grade and Unrated Debt Obligations**

The Credit Funds' investment strategies are focused on investing in instruments that include sub-investment grade debt obligations. Investments in the sub-investment grade categories are subject to greater risk of loss of principal and interest than higher-rated instruments and may be considered to be speculative with respect to the obligor's capacity to pay interest and repay principal. Such investments may also be considered to be subject to greater risk than those with higher ratings in the case of deterioration of general economic conditions. Because investors generally perceive that there are greater risks associated with sub-investment grade instruments, the yields and prices of such instruments may fluctuate more than those that are higher rated. The market for sub-investment grade instruments may be smaller and less active than those that are higher rated, which may adversely affect the prices at which these investments can be sold and result in losses to the Credit Funds, which, in turn, could have a material adverse effect on the performance of the Credit Funds.

### **Investments in Unsecured Debt**

The Credit Funds may invest a portion of their assets in unsecured indebtedness, whereas all or a significant portion of the issuer's senior indebtedness may be secured. In such situations, the ability of the Credit Funds to influence a portfolio company's affairs, especially during periods of financial distress or following an insolvency, is likely to be substantially less than that of senior creditors.

### **Structured Finance Securities**

The Credit Funds may invest in structured finance securities such as, for example, CLOs or other asset-backed instruments backed by corporate and consumer receivables (both that have and that do not have a CUSIP number) or similar instruments. Moreover one or more Credit Funds may also act as a sponsor to a CLO and hold equity investments in such asset-backed instruments. Structured finance securities may present risks similar to those of the other types of investments in which the Credit Funds may invest and, in fact, such risks may be of greater significance in the case of structured finance securities. Moreover, investing in structured finance securities may entail a variety of unique risks. Among other risks, structured finance securities may be subject to prepayment risk. In addition, the performance of a structured finance security will be affected by a variety of factors, including its priority in the capital structure of the issuer thereof, the availability of any credit enhancement, the level and timing of payments and recoveries on and the characteristics of the underlying receivables, loans or other assets that are being securitized, whether collateral represents a fixed set of specific assets or accounts, remoteness of those assets from the originator or transferor, the adequacy of and ability to realize upon any related collateral and the capability of the servicer of the securitized assets.

Certain structured finance securities (particularly subordinated structured finance securities) may also provide that the non-payment of interest in cash on such securities will not constitute an event of default in certain circumstances and the holders of such securities will not have available to them any associated default remedies. Interest not paid in cash will often be capitalized and added to the outstanding principal balance of the related security. Any such deferral will reduce the yield on such structured finance securities. Distributions on structured finance securities generally depend solely upon the amount and timing of payments and other collections on the related underlying collateral, the amount of which is typically established to withstand certain assumed deficiencies in payment occasioned by defaults of the underlying collateral. However, if any deficiencies exceed such assumed levels, payments on the related structured finance securities could be adversely affected by defaults.

Structured finance securities are generally limited recourse obligations of the issuer payable solely from the underlying collateral of the issuer or proceeds thereof, and the structured finance securities will not be guaranteed by any person. Consequently, holders of structured finance securities must rely solely on distributions on the underlying collateral or proceeds thereof for payment in respect thereof, and to the extent the underlying collateral is insufficient to pay the structured finance securities in full the issuer will not have any other assets that can satisfy any deficiencies.

### **Leveraged Loans**

Generally, the Credit Funds' investments may be comprised of leveraged loans, which have significant liquidity and market value risks since they are not generally traded on organized exchange markets but are traded by banks and other institutional investors engaged in loan syndications. Because loans are privately syndicated and loan agreements are privately negotiated and customized, loans are not purchased or sold as easily as publicly traded securities.

Historically the trading volume in loan markets has been small relative to high yield debt securities markets. In addition, leveraged loans have historically experienced greater default rates than has been the case for investment grade securities. There can be no assurance as to the levels of defaults and/or recoveries that may be experienced on leveraged loans, and an increase in default levels could have a material adverse effect on the Credit Funds.

A non-investment grade loan or debt obligation (or an interest therein) is generally considered speculative in nature and may become a defaulted obligation for a variety of reasons. A defaulted obligation may become subject to either substantial workout negotiations or restructuring, which may entail, among other things, a substantial reduction in the interest rate, a substantial write-down of principal, and a substantial change in the terms, conditions, and covenants with respect to such defaulted obligation. In addition, such negotiations or restructuring may be quite extensive and protracted over time, and therefore may result in substantial uncertainty with respect to the ultimate recovery on such defaulted obligation. The liquidity for defaulted obligations may be limited, and to the extent that defaulted obligations are sold, it is highly unlikely that the proceeds

from such sale will be equal to the amount of unpaid principal and interest thereon. Furthermore, there can be no assurance that the ultimate recovery on any defaulted obligation will not be lower than the recovery rate assumed by Vista.

### **Corporate Leveraged Loans**

The Credit Funds may take long positions on corporate leveraged loans. The corporate loans in which the Credit Funds invest are subject to the risk of loss of principal and income. Corporate leveraged loans are often issued in connection with highly leveraged transactions. Such transactions include leveraged buyout loans, leveraged recapitalization loans, and other types of acquisition financing. Loan investments issued in such transactions are subject to greater credit risks than other investments, including a greater possibility that the borrower may default or enter bankruptcy.

Although borrowers generally provide collateral to secure repayment of these obligations they do not always do so. If they do provide collateral, the value of the collateral may not completely cover the borrower's obligations at the time of a default. If a borrower files for protection from its creditors under the U.S. bankruptcy laws, these laws may limit the Credit Fund's rights to its collateral. In addition, the value of collateral may erode during a bankruptcy case. In the event of a bankruptcy, the holder of a corporate loan may not recover its principal, may experience a long delay in recovering its investment and may not receive interest during the delay.

### **Investments in Convertible Debt**

The Credit Funds may make investments in convertible debt securities and/or similar instruments. Such debt may be unsecured and structurally or contractually subordinated to substantial amounts of senior indebtedness, all or a significant portion of which may be secured. Moreover, such debt investments may not be protected by financial covenants or limitations upon additional indebtedness and there is no minimum credit rating for such debt investments. Other factors may materially and adversely affect the market price and yield of such debt investments, including investor demand, changes in the financial condition of the applicable borrower, government fiscal policy and domestic or worldwide economic conditions.

### **Unfunded Loans**

Certain Credit Fund investments may be comprised of loan commitments that are unfunded at the time of investment. A loan commitment is a written agreement in which the lender commits itself to make a loan or loans up to a specified amount within a specified time period. The loan commitment sets out the terms and conditions of the lender's obligation to make the loans. The portion of the amount committed by a lender under a loan commitment that the borrower has not drawn down is referred to as "unfunded." A lender typically is obligated to advance the unfunded amount of a loan commitment at the borrower's request, subject to certain conditions regarding the creditworthiness of the borrower. Borrowers with deteriorating creditworthiness may continue to satisfy their contractual conditions and therefore be eligible to borrow at times when the lender



might prefer not to lend. In addition, a lender may have assumptions as to when a company in which a Credit Fund invests may draw on an unfunded loan commitment when the lender enters into the commitment. If the borrower does not draw as expected, the commitment may not prove as attractive an investment as originally anticipated. Further, any failure to advance requested funds to a company in which a Credit Fund invests could result in possible assertions of offsets against amounts previously lent. In addition, for certain Credit Funds, the Management Fee accrues and is payable with respect to the unfunded portion of any loan commitments, despite the fact that the Limited Partners have not contributed capital in respect of such unfunded portions and, accordingly, the preferred return does not accrue with respect to such unfunded portions.

### **High Yield Securities and Instruments**

The Credit Funds are permitted to invest 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, such Credit Funds may invest in bonds of obligors that do not have publicly traded equity securities, making it more difficult to hedge the risks associated with such investments. Non-investment grade securities and other instruments face ongoing uncertainties and exposure to adverse business, financial or economic conditions which could lead to the obligor'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 obligors 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.

### **Zero-Coupon and Deferred Interest Bonds**

Certain Funds may invest in zero coupon bonds and deferred interest bonds, which are debt obligations issued at a significant discount from face value. The original discount approximates the total amount of interest the bonds will accrue and compound over the period until maturity or the first interest accrual date at a rate of interest reflecting the market rate of the security at the time of issuance. While zero coupon bonds do not require the periodic payment of interest, deferred interest bonds generally provide for a period of delay before the regular payment of interest begins. Such investments experience greater volatility in market value due to changes in interest rates than debt obligations that provide for regular payments of interest.

## **Lender Liability; Equitable Subordination**

In recent years, a number of judicial decisions in the United States have upheld the right of borrowers to sue lending institutions on the basis of various evolving legal theories (collectively termed “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 Credit Funds’ investments, the Credit Funds could be subject to allegations of lender liability.

In addition, under common law principles that in some cases form the basis for lender liability claims, if a lender (i) intentionally takes an action that results in the undercapitalization of a borrower or issuer to the detriment of other creditors of such borrower or issuer; (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 stockholder to dominate or control a borrower or issuer to the detriment of other creditors of such borrower or issuer, 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”). Due to the nature of the debt obligations, the Credit Funds may be subject to claims from creditors of an obligor that debt obligations of such obligor which are held by the issuer should be equitably subordinated. This equitable subordination risk may particularly result from the Credit Funds investing in debt securities of portfolio companies of Equity Funds and the Perennial Fund. Particularly, in a bankruptcy proceeding, a Credit Fund’s interest in a portfolio company may be subordinated or otherwise adversely affected by virtue of such Equity Fund’s or Perennial Fund’s involvement.

## **Risks Associated with Bankruptcy Cases**

The Credit Funds may invest in financially troubled companies and companies either currently in, or that may enter into, Chapter 11 bankruptcy or insolvency proceedings. Many of the events within bankruptcy or insolvency proceedings are adversarial and are 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 bankruptcy courts would decide favorably toward, or consistent with the interests of, the Credit Funds. Furthermore, there are instances where creditors and equity holders lose their ranking and priority as such if they are considered to have taken over management and/or functional operating control of a debtor.

As the duration of bankruptcy cases can be only roughly estimated, the reorganization process can involve substantial legal, professional, and administrative costs to a company and/or the Credit Funds and is subject to unpredictable and lengthy delays. In addition, during the process, a company’s competitive position may erode, key management may depart, and the company may not be able to invest adequately in the operations of its business. In some cases, a company may not be able to reorganize and may be required to liquidate assets. If the bankruptcy

proceeding is converted to a liquidation, the liquidation value of the company may not be equal to the liquidation value that was believed to exist at the time of the investment. Decisions by the Credit Funds to invest primarily in the debt of such companies may not be protective of the Credit Funds' economic interests, as the debt of companies in the process of financial reorganization generally will not pay current interest, may not accrue interest during reorganization and may be adversely affected by an erosion of the borrower's fundamental value. Such investments can result in a total loss of principal.

U.S. bankruptcy law permits the classification of "substantially similar" claims in determining the classification of claims in a reorganization for purpose of voting on a plan of reorganization. Because the standard for classification is vague, there exists a significant risk that the Credit Funds' influence with respect to a class of claims can be lost by the inflation of the number and the amount of claims in, or other gerrymandering of, the class. In addition, certain administrative costs, and claims (for example, claims for taxes) that have priority by law over the claims of certain creditors may be quite high.

The Credit Funds may purchase creditor claims subsequent to the commencement of a bankruptcy case. Under judicial decisions, it is possible that such purchase may be disallowed by the bankruptcy court if the court determines that the purchaser has taken unfair advantage of an unsophisticated seller, which may result in the rescission of the transaction or forfeiture by the Credit Funds.

### **Non-U.S. Bankruptcy Laws**

Investment in the debt of financially distressed companies domiciled outside the United States involves additional risks. Bankruptcy law and process may differ substantially from that in the United States, resulting in greater uncertainty as to the rights of creditors, the enforceability of such rights, reorganization timing and the classification, seniority, and treatment of claims. In certain emerging market countries, although bankruptcy laws have been enacted, the process for reorganization remains highly uncertain.

### **Non-payment of Principal and Interest; Adequacy of Collateral**

The investments are subject to the risk of non-payment of scheduled interest or principal by the borrower with respect to such investments. Such non-payment would likely result in a reduction of income to the Credit Funds and a reduction in the value of the investments experiencing non-payment, which could have a material adverse effect on the Credit Funds' investments. Although the Credit Funds may make investments that Vista believes are secured by specific collateral, the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated. In addition, in the event of bankruptcy of a borrower, the Credit Funds could experience delays or limitations with respect to their 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 the Credit Funds. Moreover, the Credit Funds' secured loans may be unperfected for a variety of reasons, including the failure to make required filings and, as a result, the Credit Funds may not have priority over other creditors as initially anticipated.

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.

### **Risks of Physical Assets**

The Credit Funds may become involved in transactions which result in the ownership of physical assets (typically collateral for secured loans and bonds). In such cases, the Credit Funds will be subject to all the risks inherent in owning physical assets.

### **Non-performing Nature of Debt**

It is anticipated that certain debt instruments purchased by the Credit Funds will be non-performing and possibly in default at the time of such 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 the loans.

### **Low Credit Quality Securities**

The Credit Funds are permitted to invest in securities that may make particularly risky investments that also may offer the potential for correspondingly high returns. As a result, a Credit Fund may lose all or substantially all of its investment in any particular instance. In addition, there is no minimum credit standard that is a prerequisite to the Credit Funds' investment in any security. The debt securities in which the Credit Funds are permitted to invest may be rated lower than investment grade and hence may be considered to be "junk bonds" or distressed securities.

### **Non-U.S. Currency Risks**

Although many investments are expected to be U.S. dollar denominated, investments that are denominated in non-U.S. currencies are subject to the risk that the value of a particular currency will change in relation to one or more other currencies, including the U.S. dollar, the currency in which the books of a Credit Fund are kept and capital contributions and distributions generally will be made. Consequently, the return realized on any investment by investors whose functional currency is not the currency of the jurisdiction in which the assets are located may be adversely affected by movements in currency exchange rates, costs of conversion and exchange control regulations, in addition to investment performance itself. Among the factors that may affect currency values are trade balances between nations, the level of short-term interest rates, differences in relative value of similar assets in different currencies, long-term opportunities for investment and capital appreciation and political developments. The Credit Fund may incur costs

in converting investment proceeds from one currency to another. The General Partner may, but it is under no obligation to, employ hedging techniques to manage exposure, although there can be no assurance that such strategies will be effective (see — “Hedging Policies and Risks; Related Regulations” above).

### **Distressed Credit**

The Credit Funds are permitted to invest in securities of U.S. and non-U.S. issuers in weak financial condition, experiencing poor operating results, having substantial capital needs or negative net worth, facing special competitive or product obsolescence problems, or that are involved in bankruptcy or reorganization proceedings. Investments of this type may involve substantial financial and business risks that can result in substantial or at times even total losses. Among the risks inherent in investments in troubled entities is the fact that it frequently may be difficult to obtain information as to the true condition of such issuers. Such investments also may be adversely affected by U.S. state and federal laws relating to, among other things, fraudulent transfers and other voidable transfers or payments, lender liability, and the U.S. Bankruptcy Court’s power to disallow, reduce, subordinate, or disenfranchise particular claims. 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 asked prices of such securities may be greater than those prevailing in other markets due to a variety of factors that are inherently difficult to predict, such as domestic or international economic and political developments, which may significantly affect the results of the Credit Funds’ activities. It may take a number of years for the market price of such investments to reflect their intrinsic value. Investments in distressed securities, particularly in connection with reorganizations, often involve litigation generally related to issues related to control and preference among classes, claimants, and other related matters. Such litigation can be time-consuming and expensive and can frequently lead to unpredicted delays or losses that by their nature involve business, financial, market and/or legal risks. 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 (e.g., due to failure to obtain requisite approvals), will be delayed (e.g., until various liabilities, actual or contingent, have been satisfied) or will result in a distribution of cash or a new security, the value of which will be less than the purchase price of the Credit Funds’ investment in respect to which such distribution was made. While investments in distressed securities offer the opportunity for significant capital gains, they also involve a high degree of risk that may result in substantial losses. There can be no assurance that Vista will correctly evaluate the nature and magnitude of the various factors that could affect the value of such investments.

### **Participation Interests**

The Credit Funds are permitted to purchase participation interests in debt instruments that do not entitle the holder thereof to direct rights against the obligor. Participations held by a Credit Fund in a selling institution’s portion of a debt instrument typically result in a contractual relationship only with such selling institution, not with the obligor. Such Credit Fund would have the right to receive payments of principal, interest, and any fees to which it is entitled only from the institution

selling the participation and only upon receipt by such selling institution of such payments from the obligor. In connection with purchasing participations, a relevant Credit Fund generally will have no right to enforce compliance by the obligor with the terms of the related loan agreement, nor any rights of set-off against the obligor and such a Credit Fund may not directly benefit from the collateral supporting the debt instrument in which it has purchased the participation. As a result, such a Credit Fund will assume the credit risk of both the obligor and the selling institution selling the participation. In the event of the insolvency of such selling institution, such a Credit Fund may be treated as a general creditor of such selling institution and may not benefit from any set-off between such selling institution and the obligor. Moreover, when a Credit Fund holds a participation in a debt instrument, it may not have the right to vote to waive enforcement of any restrictive covenant breached by an obligor or, if the Fund does not vote as requested by the selling institution, it may be subject to repurchase of the participation at par. Selling institutions voting in connection with a potential waiver of a restrictive covenant may have interests different from those of the relevant Credit Fund, and such selling institutions may not consider the interests of the relevant Credit Fund in connection with their votes.

### **Assignments**

The Credit Funds are also permitted to purchase assignments, which are arrangements whereby a creditor assigns an interest in a loan to a Credit Fund. The purchaser of an assignment typically succeeds to all the rights and obligations of the assignor of the loan and becomes a lender under the loan agreement and other operative agreements relating to the portfolio investment. Assignments are, however, arranged through private negotiations between potential assignees and potential assignors, and the rights and obligations acquired by the purchaser of an assignment may differ from, and be more limited than, those held by the assignor of the loan. In contrast to the rights of a Credit Fund as an owner of a participation, such Credit Fund, as an assignee, will generally have the right to receive directly from the obligor all payments of principal, interest, and any fees to which it is entitled. In some assignments, the obligor may have the right to continue to make payments to the assignor with respect to the assigned portion of the loan. In such a case, the assignor would be obligated to receive such payments as agent for such Credit Fund and to promptly pay over such amounts as are received. As a purchaser of an assignment, a Credit Fund typically will have the same voting rights as other lenders under the applicable loan agreement and will have the right to vote to waive enforcement of breaches of covenants. Such Credit Fund will also have the same rights as other lenders to enforce compliance by the obligor with the terms of the loan agreement, to set-off claims against the obligor and to have recourse to collateral supporting the portfolio investment. As a result, such Credit Fund may not bear the credit risk of the assignor and the insolvency of an assignor of a loan should have little effect on the ability of such Credit Fund to continue to receive payments of principal, interest, or fees from the obligor. Such Credit Fund will, however, assume the credit risk of the obligor.

### **Corporate Debt Obligations**

The Credit Funds may invest in corporate debt obligations, including commercial paper. Corporate debt obligations are subject to the risk of an issuer's inability to meet principal and interest

payments on the obligations. Therefore, the Credit Funds may be exposed to such risks associated with corporate debt obligations.

### **Commercial Paper**

The Credit Funds may invest in commercial paper, which represents short-term unsecured promissory notes issued by banks or bank holding companies, corporations, finance companies, state, and local governments, and by public authorities, agencies, and instrumentalities. In the event the issuer cannot generate adequate cash flow, the Credit Funds may suffer a partial or total loss of capital invested. In addition, the lack of security presents some risk of loss to the Credit Funds since, in the event of an issuer's bankruptcy, unsecured creditors are repaid only after the secured creditors out of the assets, if any, that remain.

### **Short Sales**

The Credit Funds may engage in short selling, including short selling on a speculative basis. Short selling involves selling securities which may or may not be owned and borrowing the same securities for delivery to the purchaser, with an obligation to replace the borrowed securities at a later date. Short selling allows the investor to profit from declines in securities prices. A short sale creates the risk of a theoretically unlimited loss, in that the price of the underlying security could theoretically increase without limit, thus increasing the cost to the Credit Fund of buying those securities to cover the short position. There can be no assurance that the security necessary to cover a short position will be available for purchase. Additionally, certain market participants could accumulate such securities in a "short squeeze," which would reduce the available supply, and thus increase the cost, of such securities. Purchasing securities to close out the short position can itself cause the price of the securities to rise further, thereby exacerbating the loss. The Credit Funds are not prohibited from engaging in short selling as a speculative return strategy, nor are they prohibited in determining when, whether and in what manner to engage in short selling.

### **Risks of Credit Derivative Transactions**

The Credit Funds may be a user of credit derivatives for hedging purposes respecting their investments. Such derivatives serve as contracts that transfer price, spread and/or default risks of debt and other instruments from one party to another. Such instruments may include one or more debtors. The market for credit derivatives may be relatively illiquid, and there are considerable risks that may make it difficult either to buy or sell the contracts as needed or at reasonable prices. Sellers of credit derivatives carry the inherent price, spread and default risks of the debt instruments covered by the derivative instruments. Buyers of credit derivatives carry the risk of non-performance by the seller due to inability to pay. There are also risks with respect to credit derivatives in determining whether an event will trigger payment under the contract and whether such payment will offset the loss or payment due under another instrument. In the past, buyers and sellers of credit derivatives have found that a trigger event in one contract may not match the trigger event in another contract, exposing the buyer or the seller to further risk.

In addition, the Credit Funds will invest in bank debt, either through a direct assignment, whereby the Credit Funds are listed as the owner of the instrument on the books and records of the agent bank, or through a participation or similar interest, whereby the Credit Funds are not treated as a direct owner of the underlying instrument and is therefore subject to the risk of nonperformance by the counterparty to the transaction.

### **Derivative Financial Instruments and Techniques**

The Credit Funds may enter into certain derivative financial instruments with certain rated counterparties. The risks posed by such instruments and techniques, which can be extremely complex, include: (1) credit risks (the exposure to the possibility of loss resulting from the failure by any such counterparty to meet its financial obligations); (2) market risk (the exposure to potential losses arising from adverse movements in the price of a financial asset); (3) legal risks (the exposure to potential losses arising from the characterization of a transaction or a party's legal capacity to enter into it could render the financial contract unenforceable, and the insolvency or bankruptcy of a counterparty could pre-empt otherwise enforceable contract rights); (4) operational risks (the exposure to losses arising from inadequate controls, deficient procedures, human error, system failure or fraud); (5) documentation risks (exposure to losses resulting from inadequate documentation); (6) liquidity risk (exposure to losses created by inability to prematurely terminate the derivative); (7) systemic risks (the exposure to potential losses arising from the risk that financial difficulties in one institution or a major market disruption will cause financial harm to the financial system); (8) concentration risks (the exposure to potential risk of losses arising from the lack of diversification in any concentrated exposure to a particular industry or exposure linked to a particular entity); (9) settlement risk (the exposure to the risk of potential losses arising from unexecuted obligations of any such counterparty where the Credit Funds have performed their obligations under such a contract but has not yet received value from their counterparty); and (10) set-off risks (the exposure to losses arising from the risk that any such counterparty may potentially set-off obligations owed to it by the Credit Funds (or their affiliates under unrelated contract)).

Use of derivatives, particularly in combination with other techniques such as short sales of assets not held by the Credit Funds, involves certain additional risks, including: (i) dependence on the ability to predict movements in the price of the securities; (ii) imperfect correlation between movements in the securities on which the derivative is based and movements in the assets of the underlying portfolio; and (iii) impediments to the Credit Funds' ability to meet its short-term obligations due to the percentage of a portfolio's assets posted as collateral under the terms of such derivative.

The Credit Funds may from time to time lend securities from its portfolio to brokers, dealers and financial institutions and receive collateral in cash or securities. The Credit Funds will retain all rights of beneficial ownership as to the loaned securities, including voting rights and rights to interest or other distributions, and will have the right to regain record ownership of loaned securities to exercise such beneficial rights. Such loans will generally be terminable at any time.



The Credit Funds may pay finders', administrative and custodial fees to persons unaffiliated with the Credit Funds in connection with the arranging of such loans.

## **Futures and Swaps**

The Credit Funds may trade in swaps and may trade on a limited basis in futures. Transactions in futures and swaps carry a high degree of risk. Swap agreements may be individually negotiated and structured to include exposure to a variety of different types of investments or market factors. Depending on their structure, swap agreements may increase or decrease the Credit Funds' exposure to such investments or market factors, such as long-term or short-term interest rates (in the United States or abroad), foreign currency values, corporate borrowing rates or other factors such as security prices, baskets of securities or inflation rates. Swap agreements will tend to shift the Credit Funds' investment exposure from one type of investment to another. Depending on how swap agreements are used, they may increase or decrease the overall volatility of the Credit Funds' portfolio. If a swap counterparty's creditworthiness declines, the value of the related swap agreement would be likely to decline, potentially resulting in losses to the Credit Funds. Furthermore, if the swap agreement is designed to give exposure to a particular asset and such asset were to default, the Credit Funds would have no right to enforce compliance by the borrower and accordingly the value of the swap agreement to enforce compliance by the borrower and accordingly the value of the swap agreement would likely be less than it would be if the Credit Funds held the underlying asset. A significant factor in the performance of swap agreements is the change in the specific amounts of payments to and from the Credit Funds. If a swap agreement calls for payments by the Credit Funds, then the Credit Funds must make such payments when due. The amount of initial margin may be small relative to the value of the futures or swap contract so that transactions are 'leveraged' or 'geared.' A relatively small market movement will have a proportionately larger impact on the funds invested by the Credit Funds. The Credit Funds may sustain a total loss of initial margin funds and any additional funds deposited to maintain its position. If the market moves against the Credit Funds' position or margin levels are increased, such Credit Funds may be called upon to pay substantial additional funds on short notice to maintain its position. If the Credit Funds fail to comply with a request for additional funds within the time prescribed, its position may be liquidated at a loss and the Credit Funds will be liable for any resulting deficit.

## **Use of Options**

The Credit Funds may buy or sell (write) both call options and put options (either exchange-traded, over-the-counter or issued in private transactions), and when they write options they may do so on a "covered" or an "uncovered" basis. The Credit Funds' options transactions may be part of a hedging tactic (i.e., offsetting the risk involved in another securities position) or a form of leverage, in which the Credit Funds have the right to benefit from price movements in a large number of securities with a small commitment of capital. These activities involve risks that can be large, depending on the circumstances. The purchaser of a put or call option runs the risk of losing its entire investment in a relatively short period of time if an option expires unexercised. The uncovered writer of a call option is subject to a risk of loss should the price of the underlying

security increase, and the uncovered writer of a put option is subject to a risk of loss should the price of the underlying security decrease.

### **Forward Trading**

Forward contracts and options thereon, unlike futures contracts, generally are not traded on exchanges and are not standardized; rather, banks and dealers act as principals in these markets, negotiating each transaction on an individual basis. Forward trading (if forward contracts are not traded on exchanges) and “cash” trading are substantially unregulated; there is no limitation on daily price movements and speculative position limits are not applicable. The principals who deal in the forward markets are not required to continue to make markets in the currencies or commodities they trade, and these markets can experience periods of illiquidity, sometimes of significant duration. There have been periods during which certain participants in these markets have refused to quote prices for certain currencies or commodities or have quoted prices with an unusually widespread between the price at which they were prepared to buy and that at which they were prepared to sell. Disruptions can occur in any market traded by the Credit Funds due to unusually high trading volume, political intervention, or other factors. The imposition of controls by government authorities might also limit such forward (and futures) trading to less than that which Vista would otherwise recommend, to the possible detriment of the Credit Fund. Market illiquidity or disruption could result in losses to the Credit Funds.

### **Warrants**

The Credit Funds may receive warrants, and in certain circumstances, may be required to exercise such warrants in order to hold the underlying securities. The relevant Credit Fund 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 a Credit Fund may be required to invest cash to convert warrants and hold underlying securities, which may subsequently lose some or all of their value.

### **Post-Reorganization Securities**

The Credit Funds may invest in companies that have just experienced a reorganization or restructuring. Post-reorganization securities may be illiquid, subject to heavy selling and/or downward pricing pressure after completing a reorganization or restructuring. Having a “blocking position” in a security that is subject to a plan of reorganization, or a restructuring entails significant risks if the Credit Funds’ evaluation of the anticipated outcome of the investment situation should prove incorrect. Accurate information pertaining to the true condition of such issuers is frequently difficult to obtain.

### **Capital Structure Arbitrage**

The Credit Funds may engage in capital structure arbitrage. This investment strategy seeks to identify and exploit the relationships between price movements in different securities and

instruments within a single issuer's capital structure (for example, between senior debt and common stock or between subordinated debt and preferred stock). Identification and exploitation of these opportunities involve uncertainty. In the event that the perceived mispricings underlying these positions fail to materialize, these investment strategies could be unsuccessful or result in losses.

### **Cross-Collateralization**

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

### **Purchases of Debt on a Secondary Basis**

The Credit Funds are permitted to invest in loans acquired on a secondary basis. To the extent a Credit Fund does so, a Credit Fund is unlikely to be able to negotiate the terms of such debt as part of its acquisition and, as a result, these loans may not include some of the covenants and protections the Fund may generally seek. Even if such covenants and protections are included in the investments held by such Credit Fund, the terms of the loans may provide obligors substantial flexibility in determining compliance with such covenants. In addition, the terms on which loans are traded on the secondary market may represent a combination of the general state of the market for such investments and either favorable or unfavorable assessments of particular investments by the sellers thereof.

### **Priority of Repayment**

With respect to any senior loans in which a Credit Fund invests, the characterization of an investment as senior debt or senior secured debt does not mean that such debt will necessarily have repayment priority with respect to all other obligations of a borrower. Borrowers may have, and/or may be permitted to incur, other debt and liabilities that rank equally with or senior to the senior loans in which a Credit Fund invests. If other indebtedness is incurred that ranks in parity in right of payment or proceeds of collateral with respect to senior loans in which a Credit Fund invests, such Credit Fund would have to share on an equal basis any distributions with other creditors in the event of a liquidation, reorganization, insolvency, dissolution, or bankruptcy of such a borrower. Where a Credit Fund holds a first lien to secure senior indebtedness, the borrowers may be permitted to issue other senior loans with liens that rank junior to the first liens granted to such Credit Fund. The intercreditor rights of the holders of such other junior lien debt may, in any liquidation, reorganization, insolvency, dissolution or bankruptcy of such a borrower, affect the recovery that a Credit Fund would have been able to achieve in the absence of such other debt.

Even where the senior loans held by a Credit Fund are secured by a perfected lien over a substantial portion of the assets of a borrower and its subsidiaries, the borrower and its

subsidiaries will often be able to incur a substantial amount of additional indebtedness, which may have an exclusive lien over particular assets. For example, debt and other liabilities incurred by non-guarantor subsidiaries of borrowers will be structurally senior to the debt held by such Credit Fund. Accordingly, any such debt and other liabilities of such subsidiaries would, in the event of liquidation, dissolution, insolvency, reorganization or bankruptcy of such subsidiary, be repaid in full before any distributions to an obligor of the loans held by such Credit Fund. Furthermore, these other assets over which other lenders have a lien may be substantially more liquid or valuable than the assets over which a Credit Fund has a lien. A Credit Fund's investments in second-lien secured debt would further compound the risks described in this paragraph.

### **Securitization Vehicles**

Certain of the Credit Funds' investments include CLO products and other securitizations (including "equity" interests thereof; and in such cases a double layer of fees and expenses may be borne by Investors in such Credit Funds to the extent such fees are not waived or offset by the relevant manager), which are generally limited recourse obligations of a portfolio company ("Securitization Vehicles") payable solely from the underlying assets ("Securitization Assets") of an obligor or the proceeds thereof. Consequently, holders of equity or other instruments or obligations issued by Securitization Vehicles must rely solely on distributions on the Securitization Assets or proceeds thereof for payment in respect thereof. In addition, certain Credit Funds themselves are Securitization Vehicles. The Securitization Assets may include, without limitation, broadly syndicated leverage loans, middle-market bank loans, collateralized debt obligation debt tranches, trust preferred securities or instruments, insurance surplus notes, asset-backed securities or instruments, mortgages, REITs, high-yield bonds, mezzanine debt, second-lien leverage loans, credit default swaps and emerging market debt and corporate bonds, which are subject to liquidity, market value, credit, interest rate, reinvestment and certain other risks. As described in greater detail below, Securitization Vehicles will typically be actively managed by Vista or its affiliate, in its capacity as the collateral manager (the "Collateral Manager"), and as a result the Securitization Assets will be traded, subject to rating agency and other constraints, by the Collateral Manager. The aggregate return on the Securitization Vehicles, or the Credit Fund's investment in Securitization Vehicles, will depend in part upon the Collateral Manager's ability to actively manage the related portfolio of Securitization Assets.

Securities issued by Securitization Vehicles represent leveraged investments in the Securitization Assets held by the Securitization Vehicle issuer. The use of leverage creates risk for the holders of Securitization Vehicle securities because the leverage increases their exposure to losses with respect to the Securitization Assets. These risks are magnified when a Credit Fund invests in subordinated Securitization Vehicle securities, as described below under "Risk Relating to Equity in Securitization Vehicles." As a result, the occurrence of defaults with respect to only a small portion of the assets could result in the substantial or complete loss of the investment in the Securitization Vehicle securities. Due to the existence of leverage, changes in the market value of the Securitization Vehicle securities held by a Credit Fund could be greater than the changes in the values of the Securitization Assets of the Securitization Vehicle.

Further, the investments made by a Credit Fund through Securitization Vehicles involve a high degree of business and financial risk. This risk could arise from changes in the financial condition or prospects of the Securitization Vehicle, changes in national or international economic and market conditions and changes in laws, regulations, fiscal policies, or political conditions of countries in which investments are made. General fluctuations in the market prices of securities and other obligations as well as interest rates may affect the value of the Securitization Assets underlying the Securitization Vehicle. Volatility and instability in the markets may also increase risk. Securitization Vehicles will directly and indirectly expose a relevant Credit Fund to interest rate risks. In a changing interest rate environment, such Credit Fund may not be able to manage this risk effectively. The Credit Fund may incur major losses in the event of market disruptions and other extraordinary events in which historical pricing relationships become materially distorted.

Investments in Securitization Vehicles are extremely complex and are subject to a number of other risks related to, among other things, the rate of defaults and recoveries in the Securitization Assets, pre-payment rates, terms of Securitization Assets purchased to replace Securitization Assets that have pre-paid, the exercise of remedies by more senior securities issued by the Securitization Vehicles and the possibility that no market will exist if a Credit Fund chose to sell its interests in Securitization Vehicles, as well as the other risks further described below.

### **Conflicts Relating to Securitization Vehicles**

The management fees, VCP or an affiliate, in its capacity as Collateral Manager, receives from a Securitization Vehicle are based on the size of the assets of that vehicle could create a conflict of interest. In particular, the Collateral Manager could have an incentive to cause the Securitization Vehicle to hold investments that have poor prospects for improvement in order to receive ongoing fees in the interim and, potentially, a more likely or larger fee or distribution if the value of such assets appreciates in the future. Furthermore, the decision to exercise any call option with respect to the Securitization Vehicle will be controlled entirely by the Collateral Manager and a Fund will have no ability to control the exercise of such option. Because the fees paid to the Collateral Manager will be tied to the size of the assets of the Securitization Vehicle, the Collateral Manager may have an incentive to delay exercising any call option past the time that would provide for an optimal return to a Fund in order to continue to earn these fees. Such delay could cause a Fund to ultimately receive a lower return on its interests in the Securitization Vehicle than it would be able to obtain if it were to control the exercise of the call option at an earlier date.

Other Vista entities may invest in Securitization Vehicle classes or tranches of securities other than Securitization Vehicle Equity. As a result, other Vista entities may invest in more senior classes of the Securitization Vehicle's capital structure. As such, the interests of a Fund, as a direct or indirect investor in the Securitization Vehicle Equity, may not be aligned with the interests of the other Vista entities that hold more senior debt interests. In that regard, actions may be taken by the Collateral Manager on behalf of the other Vista entities that are adverse to a Fund. The interests of a Fund and/or the other Vista entities investing in different classes or tranches of securities of the Securitization Vehicle are particularly acute in the case of financial distress of the

Securitization Vehicle. If a Fund, as a direct or indirect investor in the Securitization Vehicle Equity, were to lose its investment as a result of such difficulties, the ability of the Collateral Manager to recommend actions that are in the best interests of a Fund might be impaired. Participation by other Vista entities may result in a loss or substantial dilution of the Fund's direct or indirect investment, while another Vista entity recovers all or part of amounts due to it. Other Vista entities will not be required to take any action or withhold from taking any action to mitigate losses to a Fund in any such a scenario.

In addition, it is possible that there could be conflicts between the Fund and other Vista entities, even when the Securitization Vehicle is not in financial distress, such as questions over whether and when to refinance or repay the debt of the Securitization Vehicle. There can be no assurance that the terms of, or the return on, a Fund's direct or indirect investment will be equivalent to or better than the terms of, or the returns obtained by, the other Vista entities participating in the Securitization Vehicle.

The management fees borne by investors in a Securitization Vehicle will be indirectly borne by a Fund. Although any such fees borne by a Fund would generally be applied to reduce the Management Fees payable to VCP by a Fund, such fees have not been established on the basis of an arm's-length negotiation between VCP and the Limited Partners. Moreover, Securitization Vehicle management fees payable to VCP by third parties will not reduce the Management Fees payable by a Fund or otherwise be for the benefit of the Limited Partners. Because VCP or its affiliate will serve as Collateral Manager of the Securitization Vehicle, the existence of such fees creates an incentive for VCP to approve, and thereby cause the Securitization Vehicle to make, more speculative investments than it would otherwise make in the absence of such management and performance-based compensation.

Separately, Adviser Personnel may serve as an officer, director, advisor or in comparable management functions for borrowers of the Securitization Assets that are the collateral of a Securitization Vehicle, and any such partner, officer or employee may obtain material non-public information in connection therewith, or in connection with such partner's, officer's or employee's other activities in the financial markets. Subject to the discussion under "Material Non-Public Information" above, VCP may operate without information barriers to separate persons who make investment decisions from others who might possess material non-public information that could influence such decisions. In an effort to manage possible risks arising from the internal sharing of material non-public information, VCP may maintain a list of restricted securities with respect to which it may have access to material non-public information and in which Vista entities are restricted from trading. If partners, officers or employees of VCP obtain such material non-public information about a borrower the loans of which are collateral of a Securitization Vehicle, the Securitization Vehicle may be prohibited by law, policy or contract, for a period of time, from (i) unwinding a position in such borrower, (ii) establishing an initial position or taking any greater position in such borrower and/or (iii) pursuing other investment opportunities on behalf of the Securitization Vehicle, which could impact the returns to a Fund. In addition, in certain circumstances, particularly during the wind-up of a Securitization Vehicle, a Fund may be

prohibited from trading a position that it holds, directly or indirectly, in the Securitization Vehicle because VCP determines that one or more partners, officers or employees of the Management Company holds material-non-public information with respect to one or more remaining positions held by the Securitization Vehicle.

In those instances where Adviser Personnel serve as directors of certain borrowers the loans of which are collateral of the Securitization Vehicle, they will be required to make decisions that they consider to be in the best interests of such borrower. In certain circumstances, such as in situations involving bankruptcy or near insolvency of a borrower, actions that may be in the best interests of such borrower may not be in the best interests of the Securitization Vehicle, and vice versa. Accordingly, in these situations, there may be conflicts of interest between an individual's duties as a partner, officer or employee of VCP and such individual's duties as a director of such borrower.

### **Conflicts Related to Investment Through MOA**

VCP anticipates making investments in Securitization Vehicle Equity through a majority-owned asset (an "MOA") in which the Collateral Manager has a "controlling financial interest" of at least 20% of the equity in the MOA and controls the decisions for the MOA, with the remaining 80% ownership in the MOA held by a Fund. The different roles of the Collateral Manager as a Fund's manager, the manager of the MOA and the collateral manager of the Securitization Vehicle present numerous conflicts or the appearance of conflicts, and may incentivize VCP not to act in the best interest of a Fund. Moreover, it is expected that the governing documents of the MOA will contain provisions that, subject to applicable law, reduce or eliminate the duties, including certain fiduciary and other duties, that VCP would otherwise have to the MOA, waive or consent to conduct that VCP might not otherwise be permitted to take pursuant to such duties, and that limit the remedies of the MOA with respect to breaches of such duties. Accordingly, there can be no assurance that VCP and/or its officers and employees will resolve conflicts in a manner that is favorable to a Fund. By acquiring interests, each Limited Partner will be deemed to have acknowledged and consented specifically to the existence of actual, apparent and potential conflicts of interest relating to such Fund's investment in Securitization Vehicle Equity through the MOA.

### **Risks Relating to the Securitization Assets of Securitization Vehicles**

The success of the Securitization Assets underlying a Securitization Vehicle will depend, in part, on such Securitization Vehicle's ability to acquire Securitization Assets on advantageous terms. Increased competition for, or a diminution in the available supply of, qualifying Securitization Assets may result in lower yields on such Securitization Assets, which could reduce returns on the Securitization Assets, and, therefore, to the relevant Credit Fund.

The terms of Securitization Assets held by a Securitization Vehicle may be subject to early redemption features, refinancing options, prepayment options or similar provisions which, in each case, could result in the borrower repaying the principal on such Securitization Assets earlier than

expected, either with no or a nominal prepayment premium. There is no assurance that a Securitization Vehicle will be able to reinvest proceeds received from prepayments in assets that satisfy its investment objective, and any delay in reinvesting such proceeds may affect the performance of such Securitization Vehicle. Conversely, if prepayments do not occur within the expected time frame, the life of the Securitization Vehicle may be longer than expected.

In addition, a Securitization Vehicle may invest in Securitization Assets that are rated below investment grade by the various credit rating agencies. Securitization Assets rated below investment grade are perceived to be subject to greater risk of loss of principal and interest than higher rated Securitization Assets and are generally considered to be predominantly speculative with respect to the borrower's capacity to pay interest and repay principal.

### **Risk Relating to Equity in Securitization Vehicles**

The Credit Funds' investments may include direct or indirect equity interests in a Securitization Vehicle ("Securitization Vehicle Equity" and Investors in Credit Funds that are Securitization Vehicles will invest in Securitization Vehicle Equity). Securitization Vehicle Equity represents residual or other subordinated interests in the Securitization Vehicle issuer. Securitization Vehicle Equity is payable solely from the available proceeds from the Securitization Assets held by the Securitization Vehicle. Securitization Vehicle Equity is not secured, and the relevant Credit Funds would have to rely solely upon distributions on the Securitization Assets for repayment. If distributions on such assets are insufficient to pay fees and expenses, to make payments on the debt securities of the Securitization Vehicle or to pay distributions on the Securitization Vehicle Equity in accordance with the applicable priority of payments, no other assets will be available for the payment of the deficiency.

Payments of principal of, and interest on, secured notes issued by Securitization Vehicles, and dividends and other distributions on Securitization Vehicle Equity, are subject to such Securitization Vehicle's priority of payments. Securitization Vehicle Equity is subordinated to the prior payment of all obligations under debt securities issued by a Securitization Vehicle. Thus, the greatest risk of loss relating to defaults on the Securitization Assets held by Securitization Vehicles is borne by the Securitization Vehicle Equity.

Additionally, a Credit Fund's (or other Investors') interest in Securitization Vehicle Equity may be subject to legal or other restrictions on transfer or for which no liquid market exists. The market prices, if any, for such securities may be extremely volatile and the relevant Credit Fund may not be able to sell them or cause them to be sold when it desires to do so or to realize what it perceives to be their fair value in the event of a sale.

### **Risks Related to Management of Securitization Vehicles**

The Collateral Manager of a Securitization Vehicle has the discretion to make collateral management decisions for the Securitization Vehicle, including with respect to asset selection, disposition, and amendments of the underlying Securitization Assets. In exercising that discretion,



the Collateral Manager is responsible for acting solely in the best interests of the Securitization Vehicle, not the Credit Funds' or any Limited Partner. The Limited Partners will have no right to compel the Collateral Manager to take or refrain from taking any actions or decisions, and the actions or decisions taken by the Collateral Manager may expose the Limited Partners to losses on a Credit Fund's interest in the Securitization Vehicle.

The investment decisions of the Collateral Manager will be based primarily upon economic, not tax, considerations, and could result, from time to time, in adverse tax consequences to the relevant Credit Fund. There can be no assurance that any investment decision made by the Collateral Manager will be tax-efficient for any particular Limited Partner.

In addition, rights to consent to amendments to the Governing Documents of Securitization Vehicles and to remove or replace the Collateral Manager and enforce other rights and remedies after events of default will be shared among, or require the consent of, multiple classes and may be controlled by the more senior classes of the Securitization Vehicle's securities. Thus, even if a Credit Fund directly or indirectly holds a majority or all of the Securitization Vehicle Equity and other subordinated securities of the Securitization Vehicle, it may not be able to enforce any such rights under the Governing Documents of the Securitization Vehicle without the consent of the holders of the Securitization Vehicle's more senior securities.

### **Equity Investments**

The Credit Funds are generally permitted to invest in common and preferred stock and other equity securities (potentially in connection with providing debt financing to issuers of such equity securities). Equity securities generally involve a high degree of risk and will be subordinate to the debt securities and other liabilities of the issuers of such equity securities. Prices of equity securities generally fluctuate more than prices of debt securities and are more likely to be affected by poor economic or market conditions. In addition, these equity securities may be illiquid or trade at significant discounts to otherwise comparable investments. Equity securities may not produce current income for the Credit Funds and may be highly speculative.

### **Special Situations Investments**

The Credit Funds are permitted to provide financing to companies involved in (or the target of) acquisition attempts or tender offers or companies involved in work-outs, liquidations, spin-offs, reorganizations, bankruptcies, and similar transactions. In any investment transaction involving any such type of business enterprise, there exists the risk that the transaction in which such business enterprise is involved either will be unsuccessful, will take considerable time or will result in a distribution of cash or a new security the value of which will be less than the purchase price paid by the relevant Credit Fund of the security or other financial instrument in respect of which such distribution is received. Similarly, if such an anticipated transaction does not in fact occur, the relevant Credit Funds may lose all or a material portion of its investment. Because there is substantial uncertainty concerning the outcome of transactions involving financially troubled companies in which the Credit Funds may invest, there is a potential risk of loss by the Credit

Funds of their entire investment in such companies. In connection with such transactions (or otherwise), the Credit Funds may purchase securities on a when-issued basis, which means that delivery and payment take place sometime after the date of the commitment to purchase and is often conditioned upon the occurrence of a subsequent event, such as approval and consummation of a merger, reorganization, or debt restructuring. The purchase price and/or interest rate receivable with respect to a when-issued security are fixed when a Credit Fund enters into the commitment. Such securities are subject to a change in value prior to their delivery.

### **Investments in Undervalued Assets**

The Credit Funds may invest in assets Vista believes are undervalued as part of their investment strategy. The identification of investment opportunities in undervalued assets is a difficult task, and there is no assurance that such opportunities will be successfully recognized or acquired. While investments in undervalued assets offer the opportunity for above-average capital appreciation, these investments involve a high degree of financial risk and can result in substantial or complete losses. Returns generated from the Credit Funds' investments may not adequately compensate Investors for the business and financial risks assumed. The Credit Funds may be forced to sell at a substantial loss, assets that are not, in fact, undervalued. In addition, the Credit Fund may be required to hold such assets for a substantial period of time before realizing their anticipated value and, there is no assurance that the value of the assets would not decline further during such time. Moreover, during this period, a portion of the Credit Funds' funds would be committed to the assets purchased, thus possibly preventing the Credit Funds from investing in other opportunities.

### **Non-Payment of Principal and Interest; Adequacy of Collateral**

The Credit Funds' investments are subject to the risk of non-payment of scheduled interest or principal by the borrowers with respect to such investments. Such non-payment would likely result in a reduction of income to the Credit Funds and a reduction in the value of the senior secured loans experiencing non-payment. Although the Credit Funds may invest in portfolio companies that the General Partner believes are secured by specific collateral the value of which typically exceeds the principal amount of the investment at the time of initial investment, there can be no assurance that the liquidation of any such collateral would satisfy the borrower's obligation in the event of non-payment of scheduled interest or principal payments with respect to such investment, or that such collateral could be readily liquidated.

### **Default Rates of Loans and High-Yield Securities**

The Credit Funds are permitted to invest in high-yield loans and other securities. The historical performance of the high-yield market or the leveraged loan market is not necessarily indicative of its future performance, and the numerous methods for calculating default rates leave a significant amount of uncertainty in the potential profitability of the Credit Funds' investment in such instruments. Should increases in default rates occur with respect to the securities in which the Credit Funds invests, the actual default rates of the securities held by the Credit Funds may

exceed those of the calculation methodology used by the General Partner in determining to purchase such securities, resulting in substantial losses to the Credit Funds.

### **Limited Amortization Requirements**

The Credit Funds are permitted to 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 Credit Funds when it matures.

### **Unlisted Nature of Investments**

Unlike publicly-traded common stock which trades on national exchanges, there is no central place or exchange for loans or fixed-income instruments to trade. Loans and fixed-income instruments generally trade on an “over-the-counter” market, which may be any location where the buyer and seller can settle a price. Due to the lack of centralized information and trading, the valuation of such instruments may carry more risk than publicly-traded common stock. Uncertainties in the conditions of the financial market, unreliable reference data, lack of transparency and inconsistency of valuation models and processes may lead to inaccurate asset pricing. In addition, other market participants may value securities differently than Vista does. As a result, the Credit Funds may be subject to the risk that when an investment is disposed or realized, the amount received is less than its carrying book value.

### **Certain Limited Partners may Provide Leverage to the Fund**

In procuring subscription facilities for a Credit Fund, all or a portion of such leverage may be provided by certain Limited Partners or their affiliates (each, an “**LP Leverage Provider**”). As a result of providing leverage to the Fund, the interests of LP Leverage Providers may give rise to conflicts of interest with the Fund and other Limited Partners, including in respect of costs and expenses related to such subscription facilities and if the Credit Fund defaults or experiences an event of default under the applicable credit agreement, and the General Partner may not, given the fact that the LP Leverage Provider is, or is affiliated with, a Limited Partner, be in a position to explore alternatives or become adverse to such LP Leverage Provider.

### **Time Required for Maturity of Investments**

Certain investments may have maturities longer than the maturity of the Credit Funds. Furthermore, the Credit Funds may, in connection with collateral held by the respective Credit Fund acquire non-marketable common or preferred equity securities and other illiquid assets with equity participation features, which, to the extent that they have value at all, will likely not have realizable value for a significant period of time. Accordingly, it is unlikely that significant

distributions to Limited Partners 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 Credit Funds for less than their potential value.

### **Participation on Creditors' Committees**

The Credit Funds may serve on committees formed by creditors ("Creditors' Committees") to negotiate with the equity owners or management of financially troubled companies that may or may not be in bankruptcy. The Credit Funds may also seek to negotiate directly with debtors with respect to restructuring issues. Even if a Credit Fund chooses to join a Creditors' Committee, there can be no assurance that the Credit Fund would be successful in obtaining results favorable to it in such proceedings, and the Credit Fund may incur significant legal fees and/or other expenses in attempting to do so, as Creditors' Committees generally consist of many participants, each of which attempts to obtain an outcome that is in its individual best interests. As a result of a Credit Fund's service on such Creditors' Committees, a Credit Fund may be deemed to have duties to other creditors represented by the Creditors' Committees, which might thereby expose a Credit Fund to liability to such other creditors who disagree with the Credit Fund's actions.

The General Partner or the Credit Funds' key personnel, on behalf of the Credit Funds, may elect to serve on Creditors' Committees or other groups to ensure preservation or enhancement of a Credit Fund's position and recovery as a creditor. A member of any such Creditors' Committee or group may owe certain obligations generally to all parties similarly situated that the Creditors' Committee represents. If the General Partner concludes that its obligations owed to the other parties as a Creditors' Committee or group member conflict with its duties owed to the Credit Funds, it will resign from that Creditors' Committee or group, and the Credit Funds may not realize the benefits, if any, of the General Partner's service on the Creditors' Committee or group. Additionally, if a Credit Fund is represented on a Creditors' Committee or group, it may be restricted or prohibited under applicable law from disposing of its investments in the subject company while it continues to be represented on such Creditors' Committee or group.

### **Warehousing and Syndication of Investments**

In order to facilitate one or more investments, the General Partner, the Credit Funds and/or other Vista entities are permitted to make (or commit to make) such investment(s) with a view to selling a portion of such investment to co-investors or other persons (including other Vista entities or potential other Vista entities) in the future. Where a Credit Fund does so, such investments will be sold at the cost in which the Fund invested in the investment, unless the General Partner has reason to believe (in its sole discretion) that such value should be adjusted to account for their fair market value. Given the nature of credit investments, a determination of fair market value may often times be the same as the cost value at which the Credit Fund purchased the investment. The General Partner shall also determine (in its sole discretion) what fees and/or compensation, if any, the Credit Fund will receive in connection with holding an investment for a period of time. Such fees and/or compensation may include, but is not limited to, such Credit Fund retaining all or a portion of the accrued interest or other income and fees attributable to the portion of such

investment until such sale or transfer. The fees or compensation payable in respect of a sale to a Vista entity may be lower than the fees or compensation the General Partner could achieve if sold to a third party, either due to the Governing Documents of such Vista entity or regulatory obligations applicable to the General Partner and its affiliates when engaging in a transaction of this nature. If a Credit Fund makes such an investment, the Credit Fund will bear the risk that any or all of the excess portion of such investment may not be sold or financed or may only be sold or financed on unattractive terms and that, as a consequence, the Credit Fund may bear the entire portion of any fees, costs and expenses related to such investment, hold a larger than expected investment or may realize lower than expected returns from such investment. The General Partner endeavors to address such risks by seeking to have such investments be in the best interests of the Credit Fund, regardless of whether any sell-down or financing ultimately occurs. To the extent such transaction constitutes a principal transaction or a cross-fund transaction, the General Partner will obtain the necessary consents required. If the transaction necessitates such consent(s), the Credit Fund will bear the risk that any such consent is not obtained and that, as a consequence, the Credit Fund may bear the entire portion of any fees, costs and expenses related to such Investment, hold a larger than expected investment or may realize lower than expected returns from such investment.

Additionally, in order to facilitate an investment, Vista is permitted to purchase a portion of an investment in which a Credit Fund is investing with a view to selling such investment to a Vista entity or potential Vista entity. Such investment by Vista will not generally be made until all eligible Credit Funds have been allocated a portion of such investment pursuant to the Allocation Policy. It is possible that the Vista may not ultimately be able to sell or transfer such investment to a Vista entity or potential Vista entity, which may result in Vista holding the investment longer than expected as a co-investment with the Credit Funds or Vista selling the investment to a third party prior to a sale by the Credit Funds, which sale or transfer may be on unattractive terms that could negatively impact the value of such investment.

In order to facilitate one or more investments, the General Partner, the Credit Funds and/or other Vista entities may make (or commit to make) such investment(s) with a view to selling a portion of such investment(s) to co-investors or other persons (including other Vista entities or potential other Vista entities) in the future. Where the Credit Funds do so, such investments will generally be sold at the cost in which the Credit Funds invested in the investment, unless the General Partner has reason to believe (in its sole discretion) that such value should be adjusted to account for fair market value. For the avoidance of doubt, all accrued interest and other income attributable to such warehoused investments from their inception until such sale or transfer, including, but not limited to, any interest payments, fees or coupon payments will be retained for the benefit of the Credit Funds. If the Credit Funds make such an investment, the Credit Funds will bear the risk that any or all of the excess portion of such investment may not be sold or financed or may only be sold or financed on unattractive terms and that, as a consequence, the Credit Funds may bear the entire portion of any fees, costs and expenses related to such investment, hold a larger than expected investment or may realize lower than expected returns from such investment. The General Partner endeavors to address such risks by seeking to have such investments be in the

best interests of the Credit Funds, regardless of whether any sell-down or financing ultimately occurs.

### **Sale of Originated Loans**

In addition to the transactions contemplated by “Warehousing and Syndication of Investments” above, a Credit Fund is permitted to offer all or a portion of loans originated by it or its affiliates to other Vista entities for purchase at fair market value (which may be higher or lower than the cost at which the Fund invested in such investments). In such a situation, the Credit Fund will generally be subject to a predetermined waiting period being able to sell such originated loan investment to a Vista entity. Such Vista entity may elect not to purchase loans originated by the Credit Fund. If amounts held by a Credit Fund for ultimate sale are not, in whole or in part, purchased by other Vista entities, the Credit Fund may hold an investment or an excess amount of an investment that, in each case, it did not expect to hold. Additionally, such investments may be sold with a supporting third-party valuation. During the period of time that the Credit Fund holds loans prior to offering them for sale to other Vista entities, such loans may decrease in value such that when the Credit Fund sells such investments at fair market value, it sells such investments at a loss. Additionally, while the Credit Fund will generally retain any income from loan originations and similar fees (including, but not limited to, structuring, arrangement, commitment and administering fees) in respect of such investments, with such other Vista entities not receiving the benefit of any such amounts, it is possible that the Credit Fund incurs additional fees, costs and expenses in connection with such sale process that it would not otherwise have incurred. As a consequence, it is possible that the Credit Fund may realize lower than expected returns from such investment. A Credit Fund holding an originated loan investment for a period of time for the sole purpose of selling such investment to a Vista entity could be viewed as creating a conflict of interest in that the time and effort of such Credit Fund’s key personnel will not be devoted exclusively to the business of the Credit Fund but instead will be allocated between the business of the Credit Fund and the business of such other Vista entity (and it could be viewed that such key personnel are in fact devoting more time to such other Vista entity in this respect).

### **Inability to Vote Certain Positions**

As a result of voting agreements or other arrangements relating to certain obligors and the investments held by the Credit Funds, a Credit Fund may be subject to restrictions on its ability to vote or take other actions with respect to certain obligors and/or investments. In such situations, the General Partner may not be able to vote or take other actions with respect to investments in the manner that it otherwise would believe to be in the best interests of the Credit Fund.

### **Impact of Leverage**

Investments by the Credit Funds are expected to include obligors whose capital structures may have significant leverage. These investments are inherently more sensitive to declines in revenues and to increases in expenses and interest rates. The leveraged capital structure of these

investments will increase the exposure of such obligors to adverse economic factors such as downturns in the economy or deterioration in the condition of the obligor or its industry.

Certain Credit Funds intend to use leverage by incurring liabilities to finance a portion of their investments under one or more leverage facilities. Such leverage facilities may be incurred directly or indirectly, including through subscription facilities or financing subsidiaries of the Credit Funds, respectively. They may take the form of, without limitation, products issued by Securitization Vehicles, as described herein, and other financial instruments described herein, such as derivative instruments that are inherently leveraged. A Credit Fund's use of leverage generally magnifies both its opportunities for higher returns and its risk of loss from a particular investment. Accordingly, any event that adversely affects the value of an investment by a Credit Fund would be magnified to the extent leverage is used. The cumulative effect of the use of leverage by a Credit Fund in a market that moves adversely to the investments could result in a loss to the Credit Fund that would be greater than if leverage had not been used. The cost and availability of leverage is highly dependent on the state of the broader credit markets (and such credit markets may be impacted by regulatory restrictions and guidelines, among other factors), which state is difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. To the extent that a Credit Fund engages in any leveraging, it will be subject to the risks normally associated with debt financing, including the insufficiency of cash flow to meet principal and interest payments. Leveraging the capital structure will mean that third parties, such as banks, may be entitled to the cash flow generated by such investments prior to the Credit Fund receiving a return. The use of a leverage facility by the Credit Fund will also result in interest expenses, fees and other costs to the Credit Fund that may not be covered by interest payments and fees generated by the Credit Fund from its investments. The use of leverage may impose restrictive financial and operating covenants on the Credit Fund, in addition to the burden of debt service, and may impair the Credit Fund's ability to operate its business as desired and/or finance future capital needs. The use of leverage may magnify the volatility of changes in the value of investments. To the extent that the Credit Fund cannot source leverage on attractive terms or does not otherwise employ long-term leverage (or employs less leverage than originally anticipated), the Credit Fund's investment returns may be lower than those that might have been achieved using long-term leverage.

### **Non-U.S. Credit-Related Investments**

The Credit Funds may make investments in securities issued by portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Such investments may be subject to certain additional risk due to, among other things, potentially unsettled points of applicable governing law, differences in the legal and regulatory environment (including enhanced legal and regulatory compliance), the risks associated with fluctuating currency exchange rates (including risks associated with potentially rapid inflation), exposure to fluctuations in interest rates payable with respect to the instruments in which the Credit Funds invest, certain economic, social and political risks, including capital repatriation regulations (as such regulations may be given effect during the term of the Credit

Funds), the application of complex U.S. and non-U.S. tax rules to cross-border investments, possible imposition of non-U.S. taxes on the Credit Funds and/or the partners with respect to the Credit Funds' income, and possible non-U.S. tax return filing requirements for the Credit Funds and/or the partners.

Additional risks of non-U.S. investments include: (a) economic dislocations in the host country; (b) less publicly available information; (c) less well-developed regulatory institutions; (d) greater difficulty of enforcing legal rights in a non-U.S. jurisdiction; (e) civil disturbances; (f) government instability; (g) differing and potentially less well-developed or well-tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (h) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (i) differences between the U.S. and non-U.S. credit and securities markets (including potential price volatility in, and relative illiquidity of, certain non-U.S. credit and securities markets); (j) political hostility to investments by foreign or private debt investors; and (k) nationalization and expropriation of private assets. Moreover, non-U.S. companies or companies with substantial sales or operations outside of the United States may not be subject to uniform accounting, auditing and financial reporting standards, practices, and requirements comparable to those that apply to U.S. companies.

### **Co-Investments with Regulated Entities**

The Credit Funds will potentially co-invest with VCSL. Such co-investments, which otherwise may be deemed to be joint transactions prohibited by the 1940 Act, may be effected in reliance on exemptive relief granted by the SEC to VCSL, the BDC Adviser and certain of their affiliates, including VCSL.

### **National Association of Insurance Commissioners' Proposal on Risk Assessment of CLOs**

On May 25, 2022, the Valuation of Securities (E) Task Force of the National Association of Insurance Commissioners proposed changes to the calculation of risk-based capital charges assessed on CLO securities held by insurance companies by using in-house risk weights as opposed to credit ratings to determine how much capital insurance companies must hold (the "NAIC Proposal") and the comment period ended January 27, 2023. Although many details of the NAIC Proposal remain unclear, if the NAIC Proposal is adopted it could result in a material increase in the amount of capital that insurance companies must hold in relation to their CLO investments, particularly for CLO mezzanine and equity securities. In addition to the potential adverse effect of such a change on insurance companies holding notes, other investors in the notes issued by a Fund could be adversely affected if the change were to reduce the secondary market liquidity of CLO securities such as notes issued by a Fund.



## **Future Actions of the Rating Agencies Can Adversely Affect the Market Value or Liquidity of the Notes Issued by a Credit Fund**

Rating agencies may change published ratings criteria or methodologies for securities such as the notes issued by a Fund at any time in the future. Furthermore, rating agencies may retroactively apply any such new standards to the ratings of the such notes. Any such action could result in a substantial lowering (or even withdrawal) of any rating assigned to any notes, despite the fact that such note might still be performing fully to the specifications set forth for such note in its offering circular or other transaction documents. The rating assigned to any note may also be lowered following the occurrence of an event or circumstance despite the fact that rating agencies previously provided Rating Agency Confirmation with respect to such note. In addition, the rating agencies may, at any time and without any change in its published ratings criteria or methodology, lower or withdraw any rating assigned by it to any notes. If any rating initially assigned to a note is subsequently lowered or withdrawn for any reason, holders of the notes may not be able to resell their notes without a substantial discount. Any reduction or withdrawal to the ratings on a note may significantly reduce the liquidity thereof and may adversely affect the relevant Fund's ability to make certain changes to the composition of the assets backing such note.

In addition to the ratings assigned to notes, the Issuer will be utilizing ratings assigned by the rating agencies to obligors of individual collateral obligations. Such ratings will primarily be publicly available ratings. There can be no assurance that the rating agencies will continue to assign such ratings utilizing the same methods and standards utilized today despite the fact that such collateral obligation might still be performing fully to the specifications set forth in its underlying instrument. Any change in such methods and standards could cause the relevant Fund to fail to satisfy the certain requirements with respect to the notes, leading to early amortization of some or all of one or more notes issued by such Fund.

The rating agencies may revise or withdraw its ratings of notes as a result of a failure by the responsible party to provide it with information requested by the rating agencies or comply with any of its obligations contained in the engagement letter with each Rating Agency, including the posting of information provided to the rating agencies to the 17g-5 Website, which will be accessible by rating agencies that were not hired in connection with the issuance of notes. Any such revision or withdrawal of a rating as a result of such a failure might adversely affect the value of the notes and, for regulated entities, could affect the status of notes as a legal investment or the capital treatment of the notes.

## **Concentration Risk**

Certain Funds will invest in a portfolio of collateral underlying a note consisting of assignments of or participation interests in loans. Although no significant concentration with respect to any particular obligor, industry or country (other than the United States) is expected to exist for such notes, such concentration can increase over time as underlying collateral matures or is sold, the concentration of the portfolio in any one obligor would subject the notes whose payment streams are based on such collateral to a greater degree of risk with respect to defaults by such obligor,

and the concentration of the portfolio in any one industry would subject such notes to a greater degree of risk with respect to economic downturns relating to such industry.

### **Certain Contractual Restrictions May Impede Vista's Ability to Manage the Collateral Underlying a Note**

Transaction documents and note offering documents, in certain circumstances, place significant restrictions on VCP's ability to advise a Fund to buy and sell collateral underlying notes, and VCP is required to comply with the restrictions contained in such transaction documents and note offering documents. As a result of such restrictions, during certain periods or in certain specified circumstances, VCP may be unable to buy or sell collateral underlying a note or to take other actions which VCP might consider to be in the interests of the Fund that issued the notes and the holders of such notes, and Vista may be required to make investment decisions on behalf of the Issuer that are different from those made for its other clients. In addition, VCP may pursue any strategy that is consistent with the transaction documents and note offering documents, and there can be no assurance that such strategy will not change from time to time in the future, in each case, in its sole discretion.

### **Valuation of Investments**

VCP and/or its affiliates may invest, on a direct or an indirect basis, in junior interests of notes issued by a Fund. For purposes of valuing VCP's assets such interests will not generally be consolidated with those of VCP. VCP or the relevant Fund (or its relevant affiliate) will not separately value the junior interests held by VCP, such as subordinated notes. The valuation method employed by VCP, as applied to this transaction, may differ substantially from the valuation method used to determine the fair value of such subordinated notes.

### **Fee Structure for Funds Issuing CLOs May Create Different Incentives for VCP**

In certain circumstances, VCP a subordinated management fee with respect to certain CLOs. This fee structure could create a further incentive for VCP to make more speculative investments in collateral underlying a note than the issuing Fund would otherwise make in order to increase the yield on such collateral and the likelihood that the holders of the subordinated notes will realize any applicable annualized internal rate of return sufficient for VCP to be entitled to be paid an incentive fee for managing the portfolio of collateral underlying a note with the objective of increasing the yield on such collateral, even though VCP is constrained by the various investment restrictions contained in the notes offering documents, could result in an increase in defaults or volatility and could contribute to a decline in the aggregate market value of the collateral underlying a note.

## **ITEM 9: DISCIPLINARY INFORMATION**

Since June 2016, Vista cooperated with a Department of Justice ("DOJ") investigation into the tax reporting of Mr. Robert F. Smith. Vista Equity Partners, its Funds, and portfolio companies were

not targets or subjects of the investigation. On October 9, 2020, Mr. Smith resolved this personal tax matter with the DOJ and the Internal Revenue Service without charges pursuant to a non-prosecution agreement (“NPA”). In the NPA, Mr. Smith admitted culpability, agreed to pay full restitution to the government, and agreed to continue cooperating with their broader investigation of a larger tax matter. Additional information regarding the NPA can be accessed in the DOJ’s October 15, 2020 press release located at [justice.gov/opa](https://www.justice.gov/opa).

## ITEM 10: OTHER FINANCIAL INDUSTRY ACTIVITIES AND AFFILIATIONS

As described in Item 4 above, VCP organizes and sponsors the Funds, which are private pooled investment vehicles. Each Fund managed by VCP is controlled by an affiliated General Partner. Although VCP provides advisory services to each Fund, the applicable General Partner is responsible for all decisions regarding portfolio transactions of a Fund and has full discretion over the management of such Fund’s investment activities. VCP and the BDC Adviser, its affiliated sister adviser, are both subsidiaries of Vista Credit Holdings Group, LLC, which in turn is a subsidiary of VEPM. In addition, employees and persons acting on behalf of VCP, its affiliated advisers, and the General Partners are subject to the supervision and control of Vista and its Code of Ethics (see Item 11 below) together with its other compliance policies and procedures as adopted pursuant to the requirements of the Investment Advisers Act of 1940 (the “Advisers Act”). For a description of any material conflicts of interest created by the relationship between VCP, its affiliates, and the General Partners, as well as a description of how such conflicts are addressed, please see Item 11 below.

Vista’s Hong Kong affiliate, Vista Equity Partners Management (Hong Kong) Limited, is licensed by the Hong Kong Securities and Futures Commission for Type 1 (dealing in securities) regulated activity.

Vista Equity Partners Management Limited, an affiliated entity incorporated in England & Wales, is appointed as an appointed representative of a third-party for purposes of Section 39 of United Kingdom Financial Services and Markets Act 2000.

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

### **Code of Ethics**

VCP is subject to a written Code of Ethics (the “Code”) that Vista has adopted, applicable to its Adviser Personnel, pursuant to Rule 204A-1 of the Advisers Act. The Code is designed to

establish guidelines for professional conduct, monitor Adviser Personnel's personal securities transactions including certain pre-clearance and reporting obligations, and identify and mitigate conflicts of interest with Vista's clients. The Code includes rules of conduct, policies, and procedures to prevent the misuse of material, non-public information in Vista's possession, and personal trading policies. Vista's internal review, including quarterly and annual reporting requirements, and defined rules of business conduct are all intended to prevent or detect potential conflicts of interest.

The Code subjects Adviser Personnel to restrictions on activities and securities trading and requires reporting of information on personal trading activities. Pursuant to the Code, Adviser Personnel are required to file certain periodic reports with Vista as required by Rule 204A-1 under the Advisers Act including initial, and thereafter, annual, holdings reports as well as quarterly transaction reports or equivalent brokerage statements, detailing the securities held, purchased, or sold during the relevant period. Adviser Personnel must pre-clear securities trades, subject to certain exceptions, to allow Vista and VCP to adequately identify and address conflicts of interest in a timely manner and prevent the misuse of material non-public information.

As indicated in Item 5 above, VCP and certain employees or officers invest in and alongside the Funds, either through the General Partner, as direct Investors in the Funds, through pooled investment vehicles assembled for employee transactions, or otherwise. A Fund or its General Partner, as applicable, generally reduces all or a portion of the Management Fee and performance-based fees related to investments held by such persons. For further information regarding these arrangements, as well as conflicts of interest presented by them, please see "Conflicts of Interest" immediately below.

VCP and its affiliated persons will come into possession, from time to time, of material, non-public or other confidential information about public companies which, if disclosed, might affect an investor's decision to buy, sell, or hold a security, as discussed below. Under applicable law, VCP and its affiliated persons would be prohibited from improperly disclosing or using such information for their personal benefit or for the benefit of any person, regardless of whether such person is an Investor with VCP. Accordingly, should VCP or any of its affiliated persons come into possession of material, non-public or other confidential information with respect to any public company, VCP would be prohibited from communicating such information, and VCP will have no responsibility or liability for failing to disclose such information to a Fund and/or investors as a result of following its policies and procedures designed to comply with applicable law. Similar restrictions may be applicable as a result of Adviser Personnel serving as directors of public companies and may restrict trading on behalf of the Funds.

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

VCP will make the Code available to any client or prospective client upon request by contacting Vista's Chief Compliance Officer ("CCO"), Gwen Reinke, by phone at (415) 765-6500 or by email at [Lists-VCPCompliance@vistaequitypartners.com](mailto:Lists-VCPCompliance@vistaequitypartners.com).

### **Conflicts of Interest**

There will be occasions when VCP, the General Partners and their affiliates encounter potential conflicts of interest in connection with the Vista Funds' activities. If any matter arises that VCP or the applicable General Partner determines in its good faith judgment constitutes an actual or potential conflict of interest, the General Partner may take such actions as may be necessary or appropriate to ameliorate such conflict (and upon taking such actions, it will be relieved of any responsibility for such conflict to the fullest extent permitted by law and shall be deemed to have satisfied its fiduciary duties related thereto to the fullest extent permitted by law). These actions may include, by way of example and without limitation, disposing of the investment giving rise to the conflict of interest, appointing an independent fiduciary, managing the conflict in accordance with VCP's internal policies and procedures or consulting the relevant LP Advisory Committee (defined below). There can be no assurance that the applicable General Partner will resolve all conflicts of interest in a manner that is favorable to the relevant Vista Fund.

As discussed in Item 4, VCP currently manages the Credit Funds. VCSL is externally managed by the BDC Adviser, a VCP affiliated adviser. The BDC Adviser has relevant industry expertise and is responsible for managing VCSL's business and activities, including sourcing investment opportunities, conducting research, performing diligence on potential investments, structuring its investments, and monitoring portfolio companies on an ongoing basis through a team of investment professionals. Vista manages other Vista Funds, which currently include, without limitation, the Equity Funds, co-invest funds, Perennial Funds, Hedge Funds and other co-invest vehicles established to invest alongside Vista Funds, as well as borrowers similar to those in which Credit Funds have made investments, and direct certain relevant investment opportunities to those investment entities and investments. Vista may also manage additional investment funds, separately managed accounts (and other similar arrangements) and vehicles in the future. In addition, Credit Funds' key personnel may spend their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Funds for other Vista Funds, and other than on behalf of the Credit Funds. Such other Vista Funds and investments that the key personnel may control may compete with the Funds or businesses in which the Funds have made an investment. With respect to VCP's time and resources, the respective investment programs of the Funds and the other Vista Funds may or may not be substantially similar. At such time as the applicable General Partner is permitted to raise a successor investment fund to a Fund, the key personnel will continue to manage the investments, but the key personnel will also focus investment activities on other opportunities and areas unrelated to the investments or the applicable Fund. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of VCP, its affiliates and their respective officers and employees will not be devoted exclusively to the business of the Funds

but will be allocated between the business of the Funds and the management of the monies of other Vista advisees.

Notwithstanding the foregoing, VCP and its affiliates engage in a broad range of activities, including investment activities for their own accounts and other Vista Funds, and providing transaction-related, investment advisory, management, VCT (including VCG and OneVista) consulting services, and other services to the Funds, portfolio companies and prospective portfolio companies. In the ordinary course of conducting its activities, the interests of a Fund will, from time to time, conflict with the interests of VCP, other Vista Funds, co-investment vehicles, or their respective affiliates. There can be no assurance that VCP will resolve all conflicts of interest in a manner that is favorable to a Credit Fund and its Investors. VCP has affiliated advisers that focus on differing investment strategies, although such investment strategies and related Vista Funds may overlap from time to time. In the ordinary course of conducting its activities, the interests may conflict with the interests of VCP, its affiliates, Vista Funds of related strategies, and Vista Funds of unrelated strategies. A description of certain conflicts of interest, as well as a description of how VCP addresses such conflicts of interest is 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 discussion of other conflicts.

## **Resolution of Conflicts**

VCP and its affiliates will address all conflicts of interest using their reasonable judgment, but in any case, in their sole discretion. In resolving conflicts, VCP and its affiliates may consider various factors, including the interests of the Funds it advises in the context of both the immediate issue at hand and the longer-term course of dealing among Funds and other Vista Funds. When conflicts arise between Vista Funds, VCP will seek to mitigate or resolve the conflict. In the case of all conflicts involving a Fund, determination as to which factors are relevant, and the resolution of such conflicts, will be made in VCP's sole discretion. There can be no assurance that VCP will resolve all conflicts of interest in a manner that is favorable to a particular Fund.

The following factors may alleviate, but will not eliminate, conflicts of interest:

- A Fund will not make any investment unless VCP believes that such investment is an appropriate investment considered from the viewpoint of such Fund;
- Many important conflicts of interest may be resolved pursuant to set procedures, restrictions, or other provisions contained in the relevant Governing Documents;
- The Funds' Governing Documents require these Funds to establish an advisory committee ("LP Advisory Committee"). The LP Advisory Committees will provide such advice and counsel as is requested by the relevant General Partner in connection with the relevant Fund's investments, potential conflicts of interest (including potential conflicts the General

Partner is required to present to the LP Advisory Committee pursuant to the respective Fund's Governing Documents), and other Fund matters. The LP Advisory Committees meet periodically as required to consult with VCP;

- Where VCP deems appropriate, unaffiliated third parties may be used to help resolve conflicts, such as the use of a consultant or an investment banker to opine as to the fairness or "arm's-length" nature of a purchase or sales price;
- VCP has adopted and implemented certain policies and procedures designed to reduce certain conflicts of interest; and
- Prior to subscribing for interests in a Fund, each Investor receives information relating to significant potential conflicts of interest arising from the proposed activities of the Fund, as detailed within the respective Fund's Governing Documents.

In addition, certain provisions of a Fund's Governing Documents are designed to protect the interests of Investors in certain situations where conflicts may exist, although these provisions do not eliminate such conflicts. While VCP endeavors to resolve all conflicts in a fair and impartial manner, there can be no assurance that its own interests will not influence its conduct and decisions.

### **Principal Transactions**

Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and clients thereof, on the other hand. The Advisers Act generally requires that, when an investment adviser or an affiliate of the adviser proposes to purchase a security from, or to sell a security to, an advisory 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.

VCP will, from time to time, engage in principal transactions, including certain warehousing transactions. In the event of a principal transaction, VCP intends to obtain the consent of the participating Fund's LP Advisory Committee unless a Governing Document and applicable rules and regulations allow for or prescribes a different course of action.

### **Cross Trades with Vista Clients**

Vista has caused and is permitted in the future to cause (directly or indirectly), a Vista Fund to purchase securities from or sell securities and investments to other Vista Funds or vehicles managed by Vista or cause a portfolio company of one Vista Fund to merge with a portfolio company of another Vista Fund, when Vista believes such transactions are appropriate and in the best interests of the Vista Funds. Such transactions create conflicts of interest because, by not exposing such buy and sell transactions to market forces, a Vista Fund may not receive the best price otherwise possible, or Vista might have an incentive to improve the performance of one Vista Fund by selling underperforming assets to another Vista Fund in order, for example, to earn

fees. These conflicts are heightened to the extent the relevant securities are illiquid or do not have a readily ascertainable value, and there generally can be no assurance that the price at which such transactions are entered into represent what would ultimately be the underlying investment's fair value. Additionally, in connection with such transactions, Vista, its affiliates, and/or their professionals (i) have significant investments, or intentions to invest, in the Vista Fund that is selling and/or purchasing such an investment; or (ii) otherwise have a direct or indirect interest in the investment (such as through certain other participations in the investment). Vista and its affiliates receive Management Fees or other fees in connection with their management of the relevant Vista Funds involved in such a transaction, and generally are entitled to share in the investment profits of the relevant Vista Funds. In the event Vista wishes to reduce the investment of one or more such Vista Funds in an instrument and increase the investment of other Vista Funds in such instrument, it may affect such transactions by directing the transfer of the instrument between Vista Funds. Any incremental costs and expenses associated with any such investment generally will be borne by such Vista Funds on a pro rata basis.

To address these conflicts of interest, in connection with effecting such transactions, Vista will follow investment allocation requirements of the relevant Vista Funds (e.g., the Governing Documents of certain Vista Funds may provide for the rebalancing of investments at certain times and at a cost set forth in those Governing Documents so that these Vista Funds' resulting ownership of investments are generally proportionate to the relative capital commitments of the Vista Funds) and Vista's written policies and procedures regarding allocation. Vista's Chief Legal Officer or CCO will be responsible for confirming that Vista (i) considers its respective duties to each Vista Fund; (ii) determines whether the purchase or sale and price or other terms are comparable to what could be obtained through an arm's length transaction with a third party on commercially reasonable terms; and (iii) obtains any required approvals of the transaction's terms and conditions. In addition, the General Partners reserve the right to seek to mitigate such conflicts by seeking input from an unaffiliated third party (including the use of a consultant or investment banker to opine as to the fairness of a purchase or sale price, whether or not part of a formal fairness opinion, "request for proposal" process, or proposal or quotation provided exclusively for the benefit of Vista). However, the General Partner does not always expect to obtain such an opinion or consent. The General Partner also may determine that the willingness of a third party to make an investment on substantially the same economic terms demonstrates the fairness of the relevant transaction (including its value) to the Vista Fund under then-current market conditions.

Further, Vista Funds nearing the end of their term are expected from time to time to sell their interest in commonly held investments to other Vista Funds with more time remaining in their term, which gives rise to the conflicts of interest discussed herein. Conflicts of interest are also heightened in the foregoing transactions to the extent the partners of the General Partner are assigned varying percentages of Carried Interest from Vista Funds in the same investment, or if economic terms, performance and/or the potential for Carried Interest vary between Vista Funds, particularly when one Vista Fund sells its portion of such investment to another Vista Fund, which could cause a portion of such Carried Interest to become "crystallized." The General Partner



intends to conduct such transactions in a manner that the General Partner believes to be fair and equitable to each Vista Fund under the circumstances over time, including a consideration of the potential present and future benefits with respect to each fund.

In certain cases, Vista may determine that it would be in the best interest of a Vista Fund to provide an opportunity for investors to obtain liquidity for all or a portion of their interests prior to the end of the Vista Fund's term. In such situations, Vista is permitted to seek to raise capital from third parties who wish to directly or indirectly acquire interests in one or more portfolio companies from the Vista Fund, including through the creation of a new fund or similar continuation vehicle. In such cases, Vista is permitted to seek to require the purchasers to make commitments to a successor fund and/or its parallel funds advised by Vista. Because Vista and/or its affiliates will have the opportunity to earn additional management fees and/or receive additional carried interest and other economic benefits in respect of such transactions, and because each purchaser's commitment to acquire interests in a successor fund and/or its parallel funds could be conditioned upon completion of the transaction, Vista will have a potential conflict of interest in determining transaction terms and participants.

### **Liquidity Transactions**

The General Partners of certain Funds are authorized to seek to create liquidity for the Limited Partners in respect of the relevant Fund's portfolio companies at any time, including: (a) by offering each Limited Partner the opportunity to elect to (i) receive a cash distribution in respect of all or part of its underlying interest in the portfolio company, (ii) continue to hold an interest in the portfolio company through a vehicle sponsored by the General Partner or its affiliates (a "Continuation Vehicle") or (iii) increase such Limited Partner's indirect interest in such portfolio companies, in the discretion of the General Partner and to the extent that there is sufficient interest from other Limited Partners in reducing their indirect interests in the portfolio company; or (b) by pursuing any alternative transaction structure which achieves a similar economic result for the relevant Fund's Limited Partners (a "Liquidity Transaction") (also known as "secondary transactions"). In the event a Fund pursues a Liquidity Transaction, the Fund and/or Limited Partners will be expected to bear all costs related to a Liquidity Transaction that is not consummated, and at least a portion of the costs of any Liquidity Transaction that is consummated. In addition, it is possible that VCP or an affiliate forms and manages a dedicated Continuation Vehicle that will buy all or a portion of a Fund's (and other Vista Funds') portfolio investments in a Liquidity Transaction or otherwise.

Liquidity Transactions, including any transaction with a Continuation Vehicle, pose potential conflicts of interest, including the potential conflicts of interest described above in "Cross Trades with VCP Clients" with respect to cross-transactions. Such transactions would generally allow a Fund's General Partner and/or its affiliates to realize carried interest and/or obtain future management fees and carried interest with respect to portfolio investments sold by the Fund to a Continuation Vehicle. There can be no assurance that Limited Partners would obtain their desired amount of liquidity in a sale of a Fund portfolio investment to such Continuation Vehicle or have a "status quo" option to retain an interest such portfolio investment through the Continuation

Vehicle on the same terms as their investment in the Fund and/or not be diluted. The terms of any Continuation Vehicle are likely to differ from the relevant Fund including with respect to the holding period of interests in the Continuation Vehicle and in some cases are expected to require a Limited Partner to invest additional capital in the existing Fund and/or other investment vehicles, cause a greater exposure to one or more particular portfolio companies, and/or delay the full liquidation of a Limited Partner's investment. While a Fund's General Partner is permitted, in its discretion and at the cost of the Fund, to seek a third-party fairness opinion or valuation regarding the price paid by a Continuation Vehicle for the Fund's interest in a portfolio investment, it is not required to seek such an opinion and is authorized to rely on a third-party's participation in such transaction and/or Advisory Board approval of such transaction. There also can be no assurance that a third party would not offer a greater price for a portfolio investment than any Continuation Vehicle as VCP will be 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 the General Partner is unlikely to identify all potential buyers of such investment, and will not necessarily pursue all potential transaction alternatives. To the extent a Fund's investment is sold to a Continuation Vehicle capitalized by third parties, and such third parties are required to make commitments to fund investments in the Continuation Vehicle or other investment vehicles in addition to the purchase price paid for any portfolio investment acquired by the Continuation Vehicle, such commitment would generally have a dilutive effect on the price paid for such Fund investments. In circumstances where VCP or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing Fund in such transaction), their incentives are expected to diverge from those of Limited Partners who elect to sell their interests. To the extent VCP requires existing Limited Partners and/or new buyers to commit capital to a continuation fund or another Fund managed by VCP in addition to the purchase amount paid in a transaction, such requirement is expected to have a dilutive effect on the purchase price for the selling Fund and its Limited Partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the Fund investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as Limited Partners in the relevant Fund, and in such circumstances VCP reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain Limited Partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations.

Additionally, conflicts of interest arise in secondary transactions as a result of the allocation of fees and expenses, because fees and expenses will be incurred in connection with the transaction, and VCP 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.

### **Allocation of Investment Opportunities**

Certain inherent conflicts of interest arise from the fact that VCP provides investment management services to the Credit Funds and Vista provides investment management services to other Vista Funds. Vista and its affiliates may give advice and make investment recommendations to other Vista Funds that differ from advice given to, or investment recommendations made to, the Credit Funds, even though their investment objectives may be the same or similar to those of the Credit Funds. Other Vista Funds, whether now existing or created in the future, could compete with a Credit Fund for the purchase and sale of investments.

Subject to any relevant restrictions or other limitations contained in the Funds’ Governing Documents, VCP will determine how to allocate investment opportunities in a manner it believes in good faith is fair and equitable under the circumstances over time and considering such factors as it deems relevant, but in any case in its sole discretion. Certain investment opportunities will be appropriate for multiple Vista Funds. In allocating an investment opportunity among Vista Funds with differing fee, expense, and compensation structures, VCP has an incentive to allocate investment opportunities to the Vista Funds or other vehicles from which VCP or its affiliates may derive, directly or indirectly, a higher fee, compensation, or other benefit. In addition, Adviser Personnel will generally participate indirectly in investments made by Funds and Vista Funds in which they invest, pro rata, in accordance with their respective capital accounts. The existence of these varying circumstances present conflicts of interest in determining how much, if any, of certain investment opportunities to offer to a particular Fund.

In connection with its investment activities, VCP has and may in the future encounter situations in which it must determine how to allocate investment opportunities among various strategies, Vista Funds or vehicles, which may include, but are not limited to, the following:

- The Funds and other Vista Funds;
- Any parallel investment entities, co-investors, or co-investment vehicles that have been formed to invest side-by-side with one or more Funds or Vista Funds (either in all transactions entered into by such Funds or Vista Funds or in a limited subset of such investments);
- Any alternative investment vehicles that have been formed to address, for example, specific tax, legal, business, accounting, or regulatory-related matters that may arise in connection with a transaction or transactions;
- Any Vista Funds that have been formed to invest side-by-side with one or more Vista Funds in particular transactions entered into by such Vista Funds or for the purpose of pursuing a specific investment strategy;

- Third Parties that wish to make direct investments (i.e., not through an investment vehicle) side-by-side with one or more Vista Funds in particular transactions entered into by such Vista Funds; and
- VCP Investors and/or Third Parties acting as “co-sponsors,” “co-underwriters,” or “strategic investors” with VCP with respect to a particular transaction.

The Funds are generally subject to investment allocation requirements that may be set forth in the Governing Documents. Prior to making any allocation of an investment opportunity, VCP generally determines whether it is required to offer an investment opportunity to one or more Vista Funds and/or other parties. To the extent there are applicable investment allocation requirements in a Fund’s Governing Documents, VCP will make allocation decisions in accordance with such requirements, or if unspecified, VCP will utilize discretion in making allocation decisions among the Vista Funds as set forth below.

As a general matter, and subject to the applicable Governing Documents, VCP and its affiliates will allocate investment opportunities between the Vista Funds, strategies and/or other parties in a manner that is consistent with the Allocation Policy, and are designed to ensure allocations of opportunities are made over time on a basis it determines to be fair and equity to its clients under the circumstances. VCP’s allocation methodology is a subjective, fact-sensitive exercise, and the practices and considerations related thereto are expected to evolve and change over time.

As an initial matter, VCP and its affiliates will evaluate key characteristics regarding the target investment, including the enterprise value and operational maturity of the target and/or the nature of the investment (i.e., debt or equity) to determine which Vista Funds are eligible to participate in the opportunity, considering whether such opportunity meets the investment objective, strategy (including due to such target falling within a particular industry vertical or otherwise due to defining characteristics such as ESG or similar considerations applicable to the relevant Vista Funds) and targeted portfolio construction criteria of one or more Vista Funds.

Prior to making any allocation to a Fund of an investment opportunity, VCP, in its discretion, determines what additional factors may restrict or limit the offering of an investment opportunity to one or more Vista Fund(s). Possible restrictions include, but are not limited to:

- **Obligation to Offer:** VCP may be required to offer an investment opportunity to one or more Funds or Vista Funds.
- **Related Investments:** VCP may offer an investment opportunity related to an investment previously made by one or more Fund(s) to such Fund(s) to the exclusion of, or resulting in a limited offering to, other Funds or Vista Funds.
- **Legal and Regulatory Exclusions:** VCP may determine that certain Funds or Investors in such Funds should be excluded from an allocation due to specific legal, regulatory, and contractual restrictions placed on the participation of such Funds or persons in certain types of investment opportunities.

Once the Vista Funds and/or other parties that are eligible to participate in a particular investment opportunity have been identified, VCP, in its discretion, decides how to allocate such investment opportunity among the identified Vista Funds considering some or all of a wide range of factors that are subject to evolve and change over time, which include, but are not necessarily limited to, its own interests and one or more of the following: (i) each Vista Fund's investment strategy and investment objectives; (ii) sourcing of the transaction (and with respect to an investment opportunity originated by a third party, the relationship of a particular Vista Fund to or with such third party); (iii) each Vista Fund's targeted rate of return; (iv) the size and nature of the company (enterprise value) or investment (including whether a Vista Fund is able to commit to invest all capital required to consummate a particular investment opportunity and the stage of development, operational maturity, and anticipated holding period, liquidity, and duration of the investment); (v) the relative amounts of capital available or projected future capacity for investment in the Vista Fund(s) (including whether a Vista Fund is able to invest all capital required to consummate a particular investment opportunity); (vi) the structural and operational differences between Vista Funds (including, without limitation, exposure limits and hedging risks); (vii) minimum, maximum, or target investment size; (viii) applicable investment limitations (including, without limitation, industry, asset class, issuer, volatility and geographic exposure limits, hedging limits, leverage, concentration, diversification considerations, and other similar risk metrics) of the Vista Funds; (ix) the eligibility of the Vista Funds to make such investment under applicable laws and regulations; (x) any other applicable tax, legal, regulatory, contractual compliance, operational, accounting, or administrative issues; (xi) each Vista Fund's liquidity, reserves target rate of return and duration; (xii) lender covenants and other limitations; (xiii) composition of each Vista Fund's portfolio; (xiv) suitability as a follow-on investment for a current investment of a Vista Fund or to upsize an existing investment; (xv) the availability of other suitable investments for each Vista Fund; (xvi) risk considerations; (xvii) cash flow considerations; (xviii) any "ramp-up" period of a newly established Vista Fund; (xix) the structural and operational considerations of the Vista Funds (including, without limitation, exposure limits and hedging limits); (xx) whether an investment opportunity requires additional consents or authorizations from a Vista Fund, Investors or third parties; (xxi) whether an investment opportunity would enable a Vista Fund to qualify for certain programmatic benefits or discounts that are not readily available to other Vista Funds including, but not limited to, the ability to enter into credit arrangements with certain financial or governmental institutions; (xxii) likelihood of current income, (xxiii) whether the investment complements an existing portfolio company already owned by a Vista Fund or another Vista Fund (for example, a debt instrument of a portfolio company whose equity is owned by a Vista Fund); (xxiv) the nature of the investment focus of such other VCP entities (including, without limitation, the size of an investment); (xxv) the nature and extent of involvement in the transaction on the part of the respective teams of investment professionals; (xxvi) the timing expected necessary to execute an investment, and (xxviii) any other requirements, guidelines, or restrictions contained in the Governing Documents of the Vista Funds and other considerations deemed relevant by VCP and/or such affiliates in good faith. There can be no assurance that the application of the factors set forth above will result in a Vista Fund participating in all investment opportunities that fall within its investment objectives. The application of the above allocation requirements and factors will often result in allocation on a non-pro rata basis and there can be no assurance that

a Vista Fund will participate in all investment opportunities that fall within its investment objectives. In other circumstances, during the period that a portfolio company is owned by a Vista Fund, it could become a suitable investment for one or more other Vista Funds due to size, revenue or other characteristics. To the extent certain strategy desires to take advantage of any market dislocation or favorable market condition and make an investment alongside another strategy, such investment opportunities will be allocated based on the factors identified above and in accordance with the Allocation Policy. VCP makes allocation determinations based solely on VCP's expectations at the time such investments are made, however, investments and their characteristics may change and there can be no assurance that an investment may prove to have been more suitable for another Vista Fund in hindsight. VCP and its affiliates may also determine that allocation of all or a portion of an investment opportunity to VCP and its affiliates may be appropriate in instances where Vista or its affiliates intend to bridge or warehouse such investment opportunity for a current or future Vista Fund.

VCP also reserves the right to enter into arrangements with third-party service providers or consultants or advisers, who provide VCP with deal sourcing services or other information on investment opportunities. VCP will allocate such investment opportunities, and fees and expenses in connection with such investment opportunities, in the same way it otherwise allocates opportunities and fees and expenses.

In terms of governance, Vista has established an Allocation and Conflicts Oversight Committee that assists Vista in (1) upholding its fiduciary duty to each of the Vista Funds through the allocation of investment opportunities in a manner that is consistent with the Governing Documents and ensuring that allocation determinations among the investment strategies and Vista Funds is fair and equitable over time and consistent with the Allocation Policy, and (2) assisting in the resolution of certain investment-related conflicts of interest.

VCP has formed a Credit-specific allocation committee (the "VCP Allocation Committee") that, similar to the function that the Allocation and Conflicts Oversight Committee serves for Vista, assists VCP with governance over investment allocation decisions relevant to the Credit Funds. The VCP Allocation Committee collaborates closely with the Vista Allocation and Conflicts Oversight Committee as it relates to the Allocation Policy applicable to the Credit Funds.

### **Allocation of Co-Investment Opportunities**

Principals, members and employees of Vista and its affiliates, directly or indirectly, own an interest in Funds, Vista Funds or certain co-investment vehicles. Such vehicles generally invest in one or more of the same portfolio companies as the Funds. Co-investment opportunities generally are also expected to be presented to certain employees of Vista or its affiliates, certain business associates, other "friends of the firm," or other persons and such co-investments may be affected through co-investment vehicles, directly in a particular portfolio company or through an intermediate entity in a portfolio company's structure. Additionally, the Funds have and generally reserve the right to invest together in the future with other Vista Funds advised by Vista or an affiliate in the manner set forth in the relevant Funds' Governing Documents. In the case of co-investments, Vista reserves the right to grant certain third-party investors the opportunity to

evaluate specified amounts of prospective co-investments in certain portfolio companies or otherwise have priority in co-investment opportunities.

Vista must first determine which Vista Funds will be required to or may participate in an investment opportunity. Vista generally assesses whether an investment opportunity is appropriate for a particular Fund based on the Fund's investment objectives, strategies, lifecycle, and structure and other allocation factors described above. Vista reserves the right to offer co-investment opportunities to one or more potential co-investment participants including vendors, consultants, other service providers, lenders and/or other third parties, as determined by the Funds' Governing Documents and the Allocation Policy, (including consulting with the Allocation and Conflicts Oversight Committee and VCP Allocation Committee), or to the extent not addressed in such Funds' Governing Documents, in accordance with the following paragraphs. There may be circumstances where Vista determines, for strategic or other reasons, an amount that could have otherwise been invested by a particular Fund is instead allocated to one or more co-investors.

Decisions regarding whether and to whom to offer co-investment opportunities are made subject to restrictions (if any) contained in the Fund's Governing Documents or any side-letter or other terms negotiated with respect to such Fund, by Vista or its related persons in consultation with other participants in the applicable transactions, such as a co-sponsor. In general, absent express contractual arrangement, no Limited Partner has a right to participate in any co-investment opportunity and investing in a Fund does not give a Limited Partner any rights, entitlements or priority to co-investment opportunities; decisions regarding whether and to whom to offer co-investment opportunities, as well as the applicable terms on which a co-investment opportunity is made, are made in the sole discretion of Vista or its affiliates or other participants in the applicable transactions, such as co-sponsors. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Fund, and because co-invest opportunities generally appeal to Fund Investors and third parties, Vista expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Fund because (i) co-invest opportunities generally appeal to Fund investors and third parties, (ii) to the extent co-investments made by Fund investors are not subjected to Management Fees and/or performance-based compensation, co-investments blend the effective rates of compensation paid by such persons in a manner not subject to the "most favored nation" provisions of a Fund's Governing Documents and (iii) co-investors' proportionate share of a particular investment typically is not subject to the Management Fee offset provisions of a Fund's Governing Documents. In order to facilitate the acquisition of a portfolio company, a Fund reserves the right to make (or commit to make) an investment in the company with a view to selling a portion of the investment to co-investors or other persons prior to or following the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms, including for example the risk that a portion of the investment will be syndicated at reduced cost, at cost, or at a lower amount at a time when the General Partner believes the value of such investment has appreciated or should be higher than that paid (or willing to be paid) by a co-investor. To the extent such a syndication is made, the General Partner's interest in limiting the Fund's exposure to a given investment while providing a potential

benefit to co-investors investing at such lower values will give rise to a potential conflict of interest. As a consequence of a failed co-investment syndication process or a co-investment syndication on unattractive terms, the relevant Fund would be required to (i) bear the entire portion of any breakup, topping or other fees, costs and expenses related to such investment (including the proportionate share of such amounts that were expected to have been borne by co-investors), (ii) hold a larger-than-expected investment in such portfolio company, (iii) receive less-than-fair-market value for the syndicated portion of the investment and/or (iv) realize lower than expected returns from such investment. Co-investment opportunities may, and typically will, be offered to some and not all Limited Partners in Vista's sole discretion, and a Limited Partner may be offered fewer co-investment opportunities than other Limited Partners in the same Fund, with the same, larger, or smaller capital commitments to such Fund, and some Limited Partners expressing interest in co-investments have the potential to receive none. Certain third parties may be offered co-investment opportunities and Investors may be offered smaller amounts than originally requested; certain persons other than Limited Partners in the Funds (e.g., Vista and its affiliates, Vista Funds, consultants, persons associated with a portfolio company and other third parties, including persons who Vista believes will provide a benefit to a Fund and/or one or more portfolio companies or who provide a strategic or similar benefit to Vista, a Fund, and/or a portfolio company) will, from time to time, be offered co-investment opportunities in the sole discretion of Vista and its affiliates; and co-investors may purchase their interests in a portfolio company at the same time as the Funds or may purchase their interest from the applicable Funds after such Funds have consummated their investment in the portfolio company (also known as a post-closing sell down or transfer), including in circumstances in which the Fund's line of credit is used to initially fund an investment. In the latter case, the applicable General Partner generally will value such interests for the co-investors at the cost in which the Fund made its investment (including any applicable interest expense), unless the General Partner has reason to believe (in its sole discretion) that such value should be adjusted to account for fair market value. Vista will generally seek to ensure that the Funds and any co-investors participate in any co-investment and any related transactions on comparable economic terms to the extent Vista determines appropriate and subject to legal, tax, and regulatory considerations. Investors should note, however, that such participation may not be appropriate in all circumstances and that the Funds may participate in such investments on different and potentially less favorable economic terms than other parties if Vista deems such participation as being otherwise in the Funds' interests. Each co-investment opportunity (should any exist) is likely to be different and allocation of each such opportunity will be dependent on the facts and circumstances specific to that unique situation (e.g., timing, industry, size, geography, asset class, projected holding period, exit strategy and counterparty). To the extent a Fund borrows under a subscription line credit facility in order to acquire a portion of an investment (or pay related expenses) that it subsequently sells down to a co-investor, the interest accrued on such borrowing may be paid by the applicable Fund and born by its Investors. Additionally, non-binding acknowledgements of interest in co-investment opportunities are not investment allocation requirements, and do not require Vista to notify the recipients of such acknowledgements if there is a co-investment opportunity. However, Vista from time to time agrees to give particular investors, Funds, Vista Funds, or other third parties priority access to co-investment opportunities (as described further below). The existence of such priority or other



contractual co-investment access rights could affect Vista's decision to offer certain opportunities for co-investment and could limit the ability of Funds or their investors to be offered certain co-investment opportunities.

In exercising its discretion to allocate co-investment opportunities with respect to a particular investment, Vista reserves the right to consider some or all or a wide range of factors which include, but are not limited to its own interest or one or more of the following: (a) the evaluation of the size and financial resources of the investor or person to expeditiously participate in the investment opportunity (in terms of, for example, staffing, expertise, and other resources or similar synergies) without harming or otherwise prejudicing such Fund(s) (including whether the investor or a party has a complicated tax structure that would require particular structuring implementation or covenants that would not otherwise be required); (b) the opportunity to further a relationship with a co-investment party that may have indirect long-term benefits to Vista; (c) the co-investment party's: (i) ability to enhance the value of the investment; (ii) ability to make timely, binding decisions; (iii) ability to participate in follow-on financing rounds; (iv) ability to make investments of scale; (v) ability to hold the investment for longer periods of time; (vi) impact on tax, regulatory, legal and similar considerations; (vii) prior co-investment experience; (d) in particular in a case when the investment opportunity is time-sensitive in nature, confidentiality concerns that may arise in connection with providing the Limited Partner or third party with specific information relating to the investment opportunity; (e) whether a potential co-investment party has a history of participating in opportunities and Vista's perception of whether the investment opportunity may subject the other investors to legal, tax, regulatory, reporting, or other burdens that make it less likely that the other investor or person would act upon the investment opportunity if offered; (f) Vista's perceptions of its past experiences and relationships with the investor or person, such as the willingness or ability of the investor or person to respond promptly and/or affirmatively to potential investment opportunities previously offered by Vista and the expected amounts of negotiations required in connection with an investor or person's commitment (including if a Vista vehicle has already been formed to facilitate co-investment); (g) the character and nature of the co-investment opportunity (including the potential co-investment amount, structure, geographic location, tax characteristics and relevant industry); (h) level of demand for participation in such co-investment opportunity; (i) size and nature of other co-investment opportunities (if any) expected to be available around the same time; (j) the ability of a potential co-investment party 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 relationship with the management team of the potential portfolio company and whether the potential co-investment party has any existing positions in the portfolio company; (k) the extent to which a potential co-investment party has been provided a greater amount of co-investment opportunities relative to others; (l) the composition of a co-investment vehicle's portfolio; (m) whether the potential co-investment party would require any governance rights that would complicate the transactions (or, alternatively, whether the potential co-investment party would be willing to defer to Vista and assume a passive role in governing a portfolio company); (n) any interests a potential co-investment party has in any competitors of the portfolio company; (o) Vista'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 opportunity (for example, if the investor or person is involved in the same industry as a target company in which a Fund wishes to invest, or if the identity of the investor or person, or the jurisdiction in which the potential co-investment party is based, may affect the likelihood of a Fund being able to capitalize on a potential investment opportunity); (p) whether and to what extent the co-investor will pay management or performance-based fees (including different Carried Interest); and (q) whether Vista believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits (including strategic, sourcing or similar benefits) to the Vista Funds and/or Vista and whether the potential co-investment party has demonstrated a long-term and/or continuing commitment to the potential success of the current or future Funds, Vista Funds and/or Vista; (r) rights of priority with respect to co-investment allocations granted by virtue of the co-investor's participation in Vista Co-investment Strategies; and (s) whether a potential co-investment party has a history of participating in opportunities. In addition, from time to time, Vista or its affiliates will participate alongside a Fund in an investment, which will reduce the amount of co-investment opportunities available to Limited Partners.

The factors above are not listed in order of importance or priority and Vista 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. For example, co-investment opportunities arising from the Credit Funds generally will first be offered to certain fee-paying investors.

Notwithstanding the foregoing, subject to applicable contractual restrictions, Vista retains broad discretion in establishing the terms of co-investment arrangements.

In addition, participants of the co-investment arrangements should be aware that potential conflicts of interest will arise in connection with such programs' activities and that such programs will be bound by the waivers of conflicts or other approvals provided by one or more Funds' LP Advisory Committees. This leads to conflicts of interest because the participants of the co-investment arrangements will generally not have the ability to provide their own approval or consent with respect to a matter, and there is no assurance that the interests of such participants, on the one hand, and the LP Advisory Committee(s), on the other hand, will necessarily align on all issues related to the matter, particularly because the investors on the LP Advisory Committee(s) are not necessarily also participants (on the whole) in such programs. Accordingly, the LP Advisory Committee(s) could take actions that impact the co-investment arrangements in a negative manner and not take into account consideration of such programs when acting in a way that benefits one or more other Funds or Vista Funds rather than such programs.

Vista or its affiliates may establish dedicated co-investment vehicles for specific Investors to facilitate investments by the relevant Investors as co-investment parties alongside a Fund, which often have more favorable rights and/or terms than the Funds and/or other co-investors. Any such vehicle will be established at Vista or its affiliates' sole discretion and Vista and its affiliates have no obligation to offer a similar opportunity to any other investor. In addition, co-investment vehicles are typically formed to make investments alongside a Fund. In such cases, the co-investment

vehicle will have a priority to make co-investments in some or all of the investments made by such Fund. The existence of such a priority right will significantly reduce or eliminate co-investment opportunities available to investors.

Vista or its affiliates, directly or through a vehicle, may also purchase, as a co-investment with a Fund, a portion of an investment opportunity that Vista or its affiliates intend at the time of such investment to bridge or warehouse for the benefit of an existing or potential co-investor or Fund. In connection with such transaction, Vista or its affiliates would expect to dispose of its portion of such investment at a time when the Fund would continue to hold such investment, and such Fund would not be given the opportunity to dispose of any portion of its investment as part of such transaction.

Vista's allocation of investment opportunities among the persons and in the manner discussed above may not, and often will not, result in proportional allocations among such persons, and such allocations may be more or less advantageous to some such persons relative to other such persons. For example, Vista will have the incentive to offer a particular co-investment opportunity to certain persons over others based on its economic arrangements with such persons (including, for example, whether Vista and/or the applicable General Partners are entitled, under arrangements made with certain potential co-investment parties, to additional Management Fees, Carried Interest, or Other Fees based on the availability of co-investment opportunities offered to such parties). Different economic arrangements among co-investment participants will also create an incentive for Vista to allocate certain co-investment opportunities (for example, those that are expected to generate higher carry) to the co-investment participant with greater economic potential for Vista (e.g., those with higher management fees and/or performance-based fees). In addition, Vista will maintain full discretion regarding the Vista Funds implementing their investment strategies, including in the acquisition and ownership composition of portfolio companies, and certain investment vehicles managed or advised by private equity or debt funds, co-sponsors, co-underwriters, financing parties and other persons who Vista believes will provide a benefit to a Fund or Vista Fund and/or one or more portfolio companies or who provide a strategic or similar benefit to Vista, a Vista Fund, and/or a portfolio company may receive allocations of investment opportunities in priority to other co-investors. While Vista allocates investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made will be as favorable as they would be if the conflicts of interest to which Vista is subject, discussed herein, did not exist. From time to time, Vista's Allocation and Conflicts Oversight Committee and the VCP Allocation Committee may make allocation determinations and/or resolve conflicts of interest as they arise between the Funds, strategies, and/or other parties.

In the event Vista determines to offer an investment opportunity to co-investors, there can be no assurance that Vista will be successful in offering a co-investment opportunity to a potential co-investor, in whole or in part, that the closing of such co-investment will be consummated in a timely manner, that the co-investment will take place on the terms and conditions that will be preferable for the Fund, or that expenses incurred by the Fund with respect to the syndication of

the co-investment will not be substantial, and the Funds bear the risk that any or all excess portion of an investment is not sold or is sold on unattractive terms. As a consequence, the Fund 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. Further, it is possible that a potential co-investment party may experience financial, legal or regulatory difficulties and may, from time to time, have economic, tax, regulatory, contractual or other business interests or goals that are inconsistent with those of a Fund and as a result, may take a different view from Vista as to appropriate strategy for an investment or may be in a position to take a contrary action to a Fund's investment objective. In the event that Vista is not successful in offering a co-investment opportunity to potential co-investors, in whole or in part, the Fund may consequently hold a greater concentration and have more exposure in the related investment opportunity than was initially intended, which could make the Fund more susceptible to fluctuations in value resulting from adverse economic and/or business conditions with respect thereto. An investment that is not syndicated to co-investors as originally anticipated could significantly reduce a Fund's overall investment returns. Similarly, it is possible that the market value of an investment may increase between the time that Vista closes on the investment and the time that the syndication is completed. In most cases the purchase price paid by syndicate buyers will not reflect this increase. Therefore, it is possible that a Fund that overcommits to an investment will bear a disproportionate allocation of the risks associated with the transaction without being compensated for assuming such risks.

Subject to the foregoing discussion and the below, allocation of investments between a Vista Fund, on the one hand, and any Companion Fund, on the other hand, are generally expected to take place in accordance with any number of considerations beyond contractual obligations as set forth in the Allocation Policy, as such policy may be updated from time to time. An investment opportunity may be appropriate for more than one Companion Fund, which would create a conflict between the Companion Funds that will be resolved in accordance with Vista's Allocation Policy. Any such investment alongside the applicable Vista Funds and the Companion Funds generally shall be made on economic terms and conditions and at the investment level, substantially equivalent to, and at substantially the same time, as such other vehicle, and the applicable vehicles shall sell or otherwise dispose of their interests in any portfolio company concurrently, in a like proportion and on substantially equivalent economic terms and conditions (at the investment level), except: (a) with the consent of the relevant Vista Fund's LP Advisory Committee; (b) where otherwise provided or reasonably required due to differing legal, regulatory, accounting, tax and/or similar considerations governing investments by the applicable Vista Funds, on the one hand, and the applicable Companion Funds on the other; or (c) if Vista determines that a sale or disposition by any of the Vista Funds or the Companion Funds at the same time would not be in the best interests of the applicable Vista Funds or the Companion Funds and notifies the relevant Vista Fund's LP Advisory Committee of such determination and the basis therefor.

### **Secondary Transactions / Purchase of Fund Interests**

While there is generally no market for interests in the Funds, the applicable General Partner or its affiliates may purchase interests from Investors in accordance with the applicable partnership agreement and also may directly or indirectly acquire an interest in the Funds' interests through

a secondary transaction. In each case, by virtue of their relationship to the relevant General Partner, VCP or its affiliates purchasing the Fund interests would be in possession of material information regarding investments of the Fund that are not disclosed to Investors because such disclosure may be prohibited and would generally have more detailed information regarding the value of the investments of the Fund. Accordingly, VCP or its affiliates will have more information regarding the market value of the Fund interests than the Investors selling its interest and any other potential buyer, thereby disadvantaging either the seller or other potential buyer in the course of the sale.

In addition, to the extent VCP has discretion over a secondary transfer of interests in a Fund pursuant to such Fund's Governing Documents, or is asked to identify potential purchasers in a secondary transfer, VCP will do so in its sole discretion, generally taking into account the following factors: VCP's evaluation of the financial resources of the potential purchaser, including its ability to meet capital contribution obligations; VCP's perception of its past experiences and relationships with the potential purchaser, including its belief that the potential purchaser would help establish, recognize, strengthen, and/or cultivate relationships that may provide indirectly longer-term benefits to current or future Vista Funds and/or VCP; whether the potential purchaser would subject VCP, the applicable Fund, or their affiliates to legal, regulatory, reporting, public relations, media, or other burdens; a potential purchaser's investment into another Vista Fund (including any commitment to a future fund); requirements in such Fund's Governing Documents; and such other facts as VCP deems appropriate under the circumstances in exercising such discretion.

### **Conflicts Related to Purchases and Sales and Different Positions in the Capital Structure**

Conflicts are also expected to arise when a Fund makes investments in conjunction with an investment being made by another Vista Fund, or if it were to invest in the securities of an obligor in which any such other Vista Fund has already made an investment, including if the Vista Funds invest in different types of securities of the same portfolio company. VCP and Vista are permitted to cause the Credit Funds and other Vista entities to invest in a broad range of asset classes throughout the corporate capital structure, including investments in corporate loans, debt securities, preferred equity securities, and common equity securities. Accordingly, Vista entities are permitted to invest in different parts of the capital structure of a company or other issuer in which a Credit Fund invests, subject to provisions of the relevant partnership agreement, without LP Advisory Committee approval. For example, VCP is permitted to cause one or more Credit Funds to invest in the senior debt of an obligor and one or more other Credit Funds to invest in the junior debt of such same obligor. In addition, the Vista Funds may invest in the same part of the capital structure of a specific company or other obligor, but in different proportions, and, given that the different Vista Funds may be subject to different tax, legal or regulatory requirements or have different investment objectives, the Vista Funds may have conflicting interests with respect to certain aspects of such investment. As a consequence, conflicts of interest may arise in connection with decisions made by VCP, including with respect to structuring such investment and exiting such investment, which may be more beneficial for one or more Vista Funds than other Vista Funds. VCP has adopted Conflict of Interest Procedures related to identifying related conflicts and establishing protocols to address certain conflicts of interest. In addition, VCP may

cause a Credit Fund to invest in the debt of an obligor and, at times, an Equity Fund may invest in the equity securities of that same obligor. Moreover, a Credit Fund may not invest through the same investment vehicles, have the same access to credit, or employ the same hedging or investment strategies as other Vista Funds. This likely will result in differences in price, terms, leverage, and associated costs. Where multiple Vista Funds invest in the same company at different times, the first Vista Fund to invest typically will bear a higher level of diligence and transaction fees, costs and expenses than later Vista Funds; similarly, to the extent a transaction does not proceed, the first Vista Fund to invest typically will bear the full amount of broken deal expenses relating to the transaction, regardless of whether other Vista Funds could or would have invested in the company in potential future transactions. Further, there can be no assurance that the relevant Credit Fund and the other Vista Fund or any vehicle with which they co-invest, will realize such investment at the same time or on the same terms, or that the terms of the Fund, other Vista Funds and a co-invest vehicle will be perfectly aligned (for example, in instances where the Fund bears any guarantee obligations in connection with financing a transaction and the co-investors are not required to bear such risks), nor is the relevant Fund, subject to the relevant Governing Documents, required to obtain LP Advisory Committee approval in order to do so. In addition, the interests of a Fund and other Credit Funds may not be aligned in the foregoing situations as VCP and its affiliates may from time to time express inconsistent views of commonly held investments or of market conditions more generally. For example, VCP may choose to sell all or part of an investment in an entity while another Vista Fund holds or increases its investment in such entity (or vice versa). These variations in timing may not equally benefit one Fund relative to another Vista Fund. In addition, investment opportunities may be appropriate for one or more Vista Funds at the same, different or overlapping levels of a company's capital structure. Other than as set forth in a partnership agreement, a General Partner will not be required to obtain any consent or seek any approvals from the LP Advisory Committee or the Limited Partners in the case of any of the foregoing conflicts.

In instances where multiple Vista Funds invest in a company at the same time or different time and the company seeks additional capital, if one Vista Fund is unable to fund its share of additional capital (e.g., in the event such Vista Fund does not have sufficient available capital), the other Vista Fund will likely be obligated to fund more than its share of such amount. In such event, one Vista Fund will gain greater exposure to such investment than may have been intended and the other Vista Fund will be diluted in such investment. The returns of each Vista Fund may be negatively impacted as a result of the foregoing. In addition, investment opportunities may be appropriate for one or more Vista Funds at the same, different, or overlapping levels of a company's capital structure.

In the event that one Vista Fund 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 Vista Fund 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 Vista Funds that have invested in the same portfolio company that do not have the same level of control or influence over the portfolio company.

There can be no assurance that the return on a Fund's investments will be the same as the returns obtained by other Vista Funds participating in a given transaction or that it would have been as favorable as it would have been had such conflict not existed. As investment adviser to both Vista Funds, Vista owes a fiduciary duty to each Vista Fund. Because of the different legal rights associated with debt and equity of the same portfolio company, Vista faces a potential conflict of interest in respect of the advice it gives to, and the actions it takes on behalf of one Vista Fund versus another Vista Fund (e.g., the terms of debt instruments, the enforcement of covenants, the terms of recapitalizations, and the resolution of workouts or bankruptcies), and the action taken for a Vista Fund may be adverse to another Vista Fund (or vice versa), particularly in the case of financial distress of a company. While a partnership agreement and Vista's written policy on conflicts of interest will set forth certain approaches that are intended to ameliorate and/or manage such conflicts of interest to the extent possible, as further described below. Given the nature of such conflicts and legal constraints (including bankruptcy laws), there can be no assurance that any such conflict can be resolved in a manner that is beneficial to each of the Vista Funds. For example, Equity Funds are permitted to hold equity interests in a portfolio company in which a Credit Fund holds debt securities or of which it is otherwise a creditor. In this situation, Vista or an Equity Fund may take actions that favor its own interests as an equity owner that may be inimical to the interests of the Credit Fund as a debt holder. For example, if additional financing is necessary as a result of financial or other difficulties of a portfolio company, it may not be Credit Funds to provide such additional financing. If an Equity Fund has the potential to incur a loss on its investment as a result of such difficulties, Vista may have an incentive to cause the Credit Fund to provide such additional financing even though doing so is not considered to be in the Credit Fund's best interest. Similarly, if additional equity capital is necessary to support, enhance or protect the value of an investment, the Vista Funds (individually or collectively) may have an incentive to not provide such additional capital to limit their own losses, or if provided, to provide it in an aggregate amount that is less than the amount required.

Separately, where Vista Funds invest in different parts of the capital structure of a portfolio company, their respective interests may diverge significantly in the case of financial distress of such portfolio company. In a bankruptcy proceeding, an Equity Fund's interest may be subordinated or otherwise adversely affected by virtue of VCP's or the Credit Fund's involvement and actions relating to their debt investment. This may result in loss or substantial dilution of the Equity Fund's investment, while VCP or the Credit Fund recovers all or part of amounts due to it, such other Vista Fund may be at risk for substantial loss, which may cause the Credit Fund to be more passive or refrain from taking actions adverse to such Vista Fund that would otherwise be available. In addition, where VCP or a Credit Fund is a creditor of a portfolio company in which an Equity Fund holds more junior securities, VCP or the Credit Fund may take actions in its own interests with respect to its rights as a creditor (e.g., with respect to breaches of covenants) that may be adverse to the interests of the Credit Fund as a subordinated debt holder. There can be

no assurance that the terms of or the return on the Credit Fund's investment will be equivalent to or better than the terms of or the returns obtained by Vista or any Vista Fund participating in the transaction. Vista's ability to implement a Fund's strategies effectively may be limited to the extent that contractual obligations entered into in respect of investments made by Vista or another Vista Fund impose restrictions on a Vista Fund engaging in transactions that Vista may otherwise be interested in pursuing. Moreover, while Vista will, as a general matter, act in the best interests of each Vista Fund (as determined in its sole discretion) as a fiduciary to each Vista Fund, there can be no assurance that it will take actions that are profitable or advantageous to the Credit Funds.

In addition, in the event a portfolio company breaches a debt or asset covenant, two Vista Funds holding investments of a different priority may have differing interests in terms of deciding whether to waive certain available remedies. Such actions would have a direct (and likely negative) impact on the Equity Fund's equity investment in such a company. The involvement of such Vista Funds at both the equity and debt levels could inhibit strategic information exchanges among fellow creditors. In certain circumstances, the Vista Funds will be prohibited from exercising voting or other rights and will be subject to claims by other creditors with respect to the subordination of their interest.

If a Vista Fund enters into any indebtedness with another Vista Fund on a joint and several basis, the applicable General Partner is expected to enter into one or more agreements that provide each Vista Fund with a right of contribution, subrogation, or reimbursement. In administering, or seeking to reinforce, these agreements, Vista and VCP are each subject to potential conflicts of interest, for example between a Vista Fund with a reimbursement obligation and a Vista Fund seeking reimbursement. Vista and VCP intend to mitigate any potential conflicts by structuring such agreement in a manner intended to cause each Vista Fund to bear its proportionate share of the applicable indebtedness, without undue favoritism over time.

Investments by more than one Vista Fund in a portfolio company also have the potential to raise the risk of using assets of another Vista Fund to support positions taken by other Vista Funds, or that a Vista Fund may remain passive in a situation in which it is entitled to vote. There can be no assurance that any such conflict can be resolved in a manner that is beneficial to either Vista Fund. In that regard, actions taken for one or more Vista Funds may adversely affect other Funds managed by VCP. VCP will resolve all such conflicts using its reasonable judgment, but in any case, in its sole discretion, subject in certain cases to approval by the LP Advisory Committees of the participating Funds.

Where multiple Vista Funds invest at the same, different, or overlapping levels of a portfolio company's capital structure there is a potential for conflicts of interest. Further potential conflicts are expected to arise once a Vista Fund has made an investment in a company in which another Vista Fund has also invested. In determining the terms of each such investment, questions may arise subsequently as to whether payment obligations and covenants should be enforced, modified, or waived, whether payments should be accelerated, or whether debt should be refinanced or restructured. In troubled situations, decisions including whether to enforce claims, or whether to advocate or initiate a restructuring or liquidation inside or outside of bankruptcy, the



terms of any workout or restructuring, or other concessions that may be given in such a situation may raise conflicts of interest, particularly with respect to Vista Funds that have invested in different securities within the same portfolio company. Vista may be incentivized to choose a course of action that benefits one Vista Fund to the detriment of another Vista Fund. In addition, investors may receive different consideration (for instance investors in one Vista Fund may receive cash whereas investors in another Vista Fund may be provided the opportunity to receive distributions in-kind) which may impact the realized return ultimately received by each Vista Fund.

Finally, in certain circumstances, if more than one Vista Fund is participating in an investment, one Vista Fund may bear more than its pro rata share of expenses relating to such investment if the other Vista Fund or Vista Funds do 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, Vista could take steps to reduce the potential conflicts of interest between the various Vista Funds, 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, VCP may establish information barriers, certain matters may be referred to the relevant Fund's LP Advisory Committee or a third-party, or a Fund may only invest in securities that seeks to align the interests with other investing Vista Funds). Any such steps could have the effect of benefiting one Vista Fund or Vista at the expense of another Vista Fund.

In addition, where more than one Vista Fund invests in the same portfolio company, there can be no assurance that such parties will dispose of investments at the same time and on the same terms. For example, because Vista has a potential incentive to show realized returns in connection with other fundraising activities (including fundraising for a successor fund) and because one Vista Fund's term may expire before the end of another Vista Fund's term, such Vista 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 Vista Fund may realize different returns as compared to the same investment held by another Vista Fund. These variations in timing may be detrimental to a Fund. At the same time, if Vista determines it is advisable for a Fund to exit an investment at the same time as another Vista Fund or its affiliates, the term of which may expire sooner than the former Fund's, such former 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. From time to time, Vista's Allocation and Conflicts Oversight Committee and the VCP Allocation Committee may resolve conflicts of interest as they arise between the Funds, Vista Funds, Vista strategies, and/or other parties.

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

The application of a Fund's Governing Documents and VCP's policies and procedures are expected to vary based on the particular facts and circumstances surrounding each investment by two or more Vista 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. There can be no assurance that any such conflict can be resolved in a manner that is beneficial to either Vista Fund. In that regard, actions may be taken for one or more Vista Funds that adversely affect another Vista Fund.

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 Vista Funds (individually or with another Vista Fund) may or may not provide such additional capital, and if provided, each Vista Fund generally will supply such additional capital in such amounts, if any, as determined by Vista in its sole discretion. Conflicts would also arise in situations where Vista could potentially cause portfolio companies owned by different Vista Funds to merge in whole or part with each other or to be purchased or sold in whole or in part to each other. Such transactions may lead to a conflict of interest because Vista controls the Vista Funds and/or portfolio companies on each side of such transactions. Depending on the transaction structure, such transaction may disproportionately benefit the purchasing, selling, or merging Vista Fund (or Vista as a result of its interests in a Vista Fund), and the other Vista Fund may incur expenses or forego gains that would have been obtained had it not exited such company or companies. Determining consideration or other terms of such transactions have the potential to create a conflict of interest because of the terms (including the fee terms) of the Vista Funds and Vista's interest in such Vista Funds. The acquisition or merger by a Vista Fund have the potential to also lead to the other Vista Fund holding the remaining portion of the company, if any, longer than it otherwise would have, which may increase the risk for loss. As a fiduciary to each Vista Fund in such a transaction, Vista will act in the best interests of each Vista Fund (as determined in its sole discretion), but there is no assurance that such transaction will be equally profitable or advantageous to each participating Vista Fund. Vista will resolve all such conflicts using its reasonable judgment but in its sole discretion, subject in certain cases to approval by the LP Advisory Committees of the applicable Vista Funds. There can be no assurance that any such conflicts can be resolved in a manner that is beneficial to each Vista Fund.

In addition, certain Vista Funds, including the Hedge Funds, are permitted to invest in securities of publicly traded companies which are actual or potential portfolio companies of a Fund. The trading activities of those Vista Funds may differ from or be inconsistent with activities which are undertaken for the account of the Fund in such securities or related securities. In addition, the Fund may not pursue an investment in a portfolio company as a result of such trading activities by other Vista Funds.

VCP is permitted to from time to time implement certain policies and procedures that seek to mitigate potential conflicts of interest and address certain regulatory requirements and contractual restrictions. Such policies and procedures have the potential, however, to reduce synergies across VCP's areas of operation or expertise that the Fund is able to draw on to pursue its investment strategy and objectives. As a result of VCP's growth and current and future product offerings, VCP is and may become subject to more regulatory and contractual restrictions than it would be subject to if it only managed the Fund and its predecessor and successor vehicles.

VCP generally will determine all matters relating to structuring transactions, including the amount and terms of securities and allocation of securities among Funds, using its reasonable judgment considering all factors it deems relevant, but in any case, in its sole discretion.

The allocation of securities as among Vista Funds and as between Vista Funds may be affected by a Vista Fund's stage in its lifecycle. For example, a newly organized Fund may seek to purchase a disproportionate amount of investments until it is substantially invested.

From time to time, VCP will, in its discretion, enter into transactions with Investors in one or more Funds, Vista Funds, co-investors, VCP investors and their affiliated parties to dispose of 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, VCP will comply with the requirements set forth in the Governing Documents to the applicable Vista Fund(s), or to the extent not addressed in the Governing Documents of the applicable Vista Fund(s), VCP may consider some or all of the factors listed above under "*Allocation of Co-Investment Opportunities*." The sales price for such transactions will be mutually agreed to by VCP and such purchaser(s); however, determinations of sales prices involve a significant degree of judgment by VCP. Although VCP is not obligated to solicit competitive bids for such sales transactions or to seek or obtain the highest available price, it will first determine that such transaction is in the best interests of the applicable Vista Fund(s), taking into account the sales price and the other terms and conditions of the transaction. There can be no assurance, in light of the performance of the investment following such a transaction, that such transaction will ultimately prove to be the most profitable or advantageous course of action for the applicable Fund(s). Any such transactions will comply with the Governing Documents of the applicable Fund(s).

A Fund may sell down an interest in its portfolio companies to co-investors. Subject to the Governing Documents, VCP reserves the right to charge (or may decide not to charge) a co-investor (such as an Investor or third 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 co-investor.

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

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 Funds agree to close a transaction even if the debt financing for such transition is not available or has not been funded. While certain co-investment vehicles with investments contractually tied to the Fund (including co-investment vehicles through which Adviser Personnel and affiliates participate) are generally obligated to pay their proportionate share of the equity purchase price (whether pursuant to the applicable Funds’ Governing Documents or otherwise), such co-investment vehicles are generally not direct parties to the equity commitment arrangements or limited 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.

### **Follow-on Investments**

Investments to finance follow-on acquisitions are a regular part of the business of the Funds. Following an initial investment, a Fund may decide to make additional investments in the related obligor. Follow-on investments may present conflicts of interest, including determination of the equity component and other terms of the new financing. In addition, a Fund may participate in releveraging and recapitalization transactions involving portfolio companies in which other Vista Funds have invested or will invest. Recapitalization transactions may present conflicts of interest, including determinations of whether existing Investors are being cashed out at a price that is higher or lower than market value and whether new Investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms. VCP will resolve conflicts using its reasonable judgment but in its sole discretion, subject in certain cases to approval by the respective LP Advisory Committees of the participating Vista Funds.

If additional capital is necessary as a result of financial or other difficulties, or to finance growth or other opportunities, the Vista Funds (individually or with another Vista Fund) may or may not provide such additional capital, and if provided, each Vista Fund generally will supply such additional capital in such amounts, if any, as determined by Vista in its sole discretion. Conflicts would also arise in situations where Vista could potentially cause portfolio companies owned by different Vista Funds to merge in whole or part with each other or to be purchased or sold in whole or in part to each other. As a fiduciary to each Vista Fund in such a transaction, Vista will act in the best interests of each Vista Fund (as determined in its sole discretion), but there is no

assurance that such transaction will be equally profitable or advantageous to each participating Fund.

Further, there is no assurance that a Fund will make follow-on investments or that it will have sufficient funds to make all or any of such follow-on investments. Additionally, all or a portion of a follow-on investment opportunity may be allocated to other Vista Funds in accordance with Vista's policies. Any decision by a Fund not to make follow-on investments or its inability to make such follow-on investments may have a substantial negative effect on a borrower in need of such follow-on investments (including an event of default under applicable loan documents). Additionally, such failure to make such follow-on investments may result in a lost opportunity for the applicable Fund to increase its participation in a successful investment, or may cause such Fund's ownership of a successful investment to be diluted.

### **Receipt of Material Nonpublic Information**

From time to time, VCP, Vista or their affiliates will come into possession of material non-public information. Should this occur, VCP will be restricted from buying or selling securities, derivatives, or loans of the issuer on behalf of the Funds until such time as the information became public or was no longer deemed material to preclude the Funds from participating in an investment. Disclosure of such information to the Adviser Personnel responsible for the affairs of the Funds may be on a need-to-know basis only, and the Funds will not be free to act upon any such information even though such action or disclosure would be in the interests of the Funds. Additionally, there may be circumstances in which one or more of certain individuals associated with VCP may be precluded from providing services related to the Funds' activities because of certain confidential information available to such individuals or VCP. Therefore, the Funds may not have access to material non-public information in the possession of Vista which might be relevant to an investment decision to be made by the Funds, and the Funds may initiate a transaction or sell a portfolio investment which, if such information had been known to it, may not have been undertaken. Due to these restrictions, a Fund may not be able to initiate a transaction that it otherwise might have initiated and may not be able to sell a portfolio investment that it otherwise might have sold. Consequently, the possession of material non-public information by VCP, Vista and their affiliates may limit the ability of all of the Funds to buy and sell investments in the relevant company.

To partially mitigate the foregoing risks, Vista has established an information barrier policy, which establishes certain information controls that, among other things, restrict communication between VCP and the other Vista business units. Consequently, while an investment team operating in one business unit may have knowledge of information that could be pertinent to an investment and/or disposition decision of a Vista Fund operating in another one of the business units, the investment professionals of such other Vista Fund would not have access to such information, unless parity of information already exists between such business units. Similarly, the receipt of material non-public information by one investment team would only restrict the operation of that business unit and would not restrict other business units' operations. However, an information barrier would not restrict the flow of information that one business unit wishes to receive from

another business unit, as that business unit can opt-out of the barrier in its discretion, subject to the restrictions on use of any material non-public information received as a result. Additionally, certain Adviser Personnel, including affiliated LP Advisory Committee members, may be considered "above the wall" and therefore exempt from the information barriers. As a result of this treatment and the resulting access to material non-public information, such personnel may be required to recuse themselves in connection with certain LP Advisory Committee or Fund-related proceedings, which may impede the relevant Fund's investment program or operations. There can be no guarantee that informational barriers will be able to prevent all issues relating to the handling of material nonpublic information.

In addition, Vista receives and generates various kinds of portfolio company data and other information, including related to financial, industry, market, business operations, trends, budgets, customers, suppliers, competitors, and other metrics. This information may, in certain instances, include material non-public information received or generated in connection with efforts on behalf of one Fund's investment (or prospective investment) in a portfolio company. As described above, the receipt of such information may restrict a Fund from transactions in the relevant company. Such information will also be periodically received in the ordinary course as a result of Adviser Personnel serving as directors of a public portfolio company and could cause the Fund to be restricted from transactions in the relevant portfolio company more often than if Adviser Personnel did not serve in such positions, which could have an adverse effect on Fund performance if VCP desired to engage in such transactions (including disposing of an investment in a timely manner). Vista 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. Vista has already used and is likely in the future in certain instances to use this information in a manner that provides a material benefit to Vista, its affiliates, or to certain other Vista Funds without compensating or otherwise benefitting certain Vista Funds from which such information was obtained. In addition, VCP has a potential incentive to pursue investments in portfolio companies based on the data and information expected to be received or generated. VCP has in the past utilized and is likely in the future to utilize such information to benefit VCP, its affiliates or other Vista Funds in a manner that may otherwise present a conflict of interest resulting from the particular facts and circumstances but does not intend to specifically disclose such conflicts to the relevant Funds.

Vista or an affiliate from time to time is expected to sign nondisclosure agreements or other deal documentation in view of future participation by one or more Vista Fund(s), although this typically is done as a courtesy and without compensation from a Fund.

### **Allocation of Fees and Expenses**

From time to time, VCP will be required to decide whether certain fees, costs and expenses should be borne by VCP, a Fund, other Vista Funds, a portfolio company, co-investors and/or a third party (each, an "Allocable Party"), and if so, how such fees costs and expense (including costs and expenses related to in-house legal, administrative, accounting, finance, tax, capital markets, compliance, ESG or other similar services provided by the Fund's General Partner, Vista or its

affiliates) should be allocated among the Allocable Parties. In exercising its discretion to allocate fees and expenses among the Allocable Parties, VCP is faced with a variety of potential conflicts of interest. For example, in allocating an investment opportunity among Vista Funds with differing fee, expense, and compensation structures, Vista has an incentive to allocate investment opportunities to the Vista Funds from which Vista or its related persons derives, directly or indirectly, a higher fee, compensation or other benefit. In addition, there may be occasions where a Fund procures borrowing through a subscription line or credit facility in order to make an investment, syndicating out a portion of the investment to another Allocable Party. Subject to a Fund's Governing Documents, the borrowing Fund will bear the entire cost of interest from the borrowing, even though the investment may ultimately be made by other Allocable Parties.

VCP allocates fees, costs, and expenses in accordance with a Fund's Governing Documents. To the extent not addressed in the Governing Documents of a Fund, VCP will allocate fees and expenses in a manner that it believes in good faith is fair and equitable to its clients under the circumstances, notwithstanding its interest (if any) in the allocation and considering such factors as it deems relevant, but in any case, in its sole discretion.

When the Funds incur expenses, they will typically allocate such expenses among all relevant Funds, Vista Funds or co-investment vehicles eligible to reimburse expenses of that kind. In all such cases, subject to applicable legal, contractual, or similar restrictions, expense allocation decisions will generally be made by VCP or its affiliates using their reasonable judgment, considering such factors as they deem relevant, but in any case, in their sole discretion. The allocations of such expenses may not be proportional. The Vista Funds generally have different expense reimbursement terms, including with respect to Management Fee offsets, and any such determinations involve inherent matters of discretion, e.g., in determining whether to allocate pro rata based on number of Vista Funds or co-investors receiving related benefits or proportionately in accordance with asset size, or in certain circumstances determining whether a particular expense has a greater benefit to a particular Vista Fund, its General Partner and/or its affiliates, and Vista may have a financial incentive to favor allocations that may benefit itself, which may result in the Vista Funds bearing different levels of expenses with respect to the same investment. Further, Vista reserves the right to consider each relevant Vista Fund's strategy as a component of its allocation of investment expenses, and as a general matter will not allocate expenses associated with one Vista Fund's equity investment to a different Vista Fund's credit investment, or vice versa, even if the two investments are in the same portfolio company.

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

With respect to allocating other expenses, to the extent not addressed in the Governing Documents of a Fund, VCP will make any such allocation determination in a fair and reasonable manner using its good faith judgment, notwithstanding its interest (if any) in the allocation in accordance with its allocation policies and procedures. VCP will make any corrective allocations and take any mitigating steps if it determines such corrections are necessary or advisable.

In addition, the Funds may pay expenses common to multiple Vista entities, and be reimbursed by the other Vista entities for their share of expense, without interest.

### **Research Costs for Investments**

There have been and may in the future be circumstances where VCP considers an investment on behalf of a Fund and initially determines not to make such an investment, but eventually makes an investment in such portfolio company in another Fund, Vista Fund or other investment vehicle sponsored by Vista. In these circumstances, the Funds, Vista Funds, VCP, Vista, or such vehicles are expected to benefit from research by the original investment team researching the investment and/or from costs related thereto borne by the applicable Fund in pursuing the potential portfolio investment but will not be required to reimburse the Vista Funds for expenses incurred in connection with such investment.

VCP or Vista and their affiliates reserve the right to 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 VCP or Vista, the Vista Funds and the Vista Funds' portfolio companies to better discern economic or other trends and developments. VCP believes that all Funds benefit from these arrangements in ways that would be impossible without the ability to aggregate data from across Vista's businesses and the Vista Funds' portfolio companies. However, information sharing may involve conflicts of interest between the Vista Funds and/or between the Funds and VCP or Vista. For example, data analytics based on inputs from one portfolio company may inform business decisions by other portfolio investments, or investment decisions by VCP or Vista and their affiliates, without the source of the data being directly compensated. VCP or Vista and their affiliates may utilize such data outside of Fund activities in a manner that provides a material benefit to VCP or Vista, without directly compensating or otherwise benefiting the Funds. As a result, VCP or Vista has a potential incentive to pursue investments (on its own behalf or on behalf of the Vista 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 VCP or Vista and/or investments held by other Vista Funds.

### **Conflicts Relating to the General Partner and VCP**

VCP and its principals and employees carry on investment activities for their own accounts, for personal or employee investment vehicles (including through family offices) and, potentially, for family members and friends who do not invest in the Fund (including holding passive ownership positions in other advisory entities not otherwise affiliated with VCP), as well as establish trusts, endowments, charitable programs, foundations or similar arrangements, give advice and recommend securities to other accounts or investment Vista Funds which may differ from advice given to, or securities recommended or bought for, the relevant Fund, even though their investment objectives may be the same or similar. VCP and its principals and employees reserve the right to pay or receive compensation in relation to the foregoing. VCP, Adviser Personnel (including VCP employees), their relatives and related persons of VCP also have, and are



expected to continue to have, capital investments in or alongside certain Vista Funds, or in prospective portfolio companies, directly or indirectly, and therefore, expect to have additional potential conflicting interests in connection with these investments. In addition, subject to the Funds' Governing Documents, Funds are permitted from time to time to invest in securities of companies in which VCP, Adviser Personnel, their relatives, and other related persons of VCP have previously invested for their own accounts. Furthermore, subject to the Funds' Governing Documents, VCP, Adviser Personnel, their relatives and/or other related persons are permitted from time to time to invest for their own accounts in securities of companies in which the Funds invest. While the significant interests of VCP, Adviser Personnel, their relatives and/or related persons generally align the interest of such persons with the Funds, such persons may have differing interests from the Fund with respect to such investments (for example, with respect to the availability and timing of liquidity) creating conflicts of interest. In addition, to the extent an advisory opportunity is received that is deemed unsuitable for a Fund, in VCP's sole discretion, VCP, Adviser Personnel and their relatives reserve the right to refer such opportunity to third parties or to make personal investments in the relevant opportunity. Such transactions are subject to conflicts of interest because Adviser Personnel and their relatives investing in the opportunity will, for some investments, benefit from the evaluation, investigation and due diligence undertaken by VCP on behalf of the Fund. In such circumstances, subject to any restrictions in such Fund's Governing Documents and any policies and procedures set forth in Vista's Code of Ethics, the investing Adviser Personnel and their relatives will not be required to share in or reimburse the relevant Fund for any expenses (including broken deal expenses) incurred by the Fund in connection with the Fund's consideration of the relevant investment opportunity.

In addition, Adviser Personnel may also buy securities and hold interests as passive investors 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 and/or which may invest in similar industries and sectors as the Funds. Such Adviser Personnel have a conflict of interest with respect to their personal investment holdings. There could be situations in which such investment vehicle purchases securities from, or sells securities to, a Fund. The investment policies, fee arrangements, and other circumstances of these investments generally vary from those of any Fund. Such Adviser Personnel may be incentivized to cause a Fund to act in a manner that benefits such other investment vehicles and indirectly, themselves as investors in such investment vehicles.

Unless restricted by the Governing Documents, Adviser Personnel are permitted to serve on boards or act in other roles unaffiliated with VCP, the Funds, or their portfolio companies, including boards of charitable and educational institutions, public companies, and former portfolio companies, and receive compensation in connection with such services and roles, none of which will offset or otherwise reduce Management Fees.

Additionally, Vista is permitted in the future to develop new businesses such as providing investment banking, advisory and other services to corporations, financial sponsors, management or other persons. Such services may relate to transactions that could give rise to investments that

are deemed suitable for the Fund. In such case, Vista's client would typically require Vista to act exclusively on its behalf, thereby precluding the Fund from participating in such investment. Vista reserves the right to engage in such services despite their potential restrictive effect on the investments ultimately available to the Fund. In addition, Vista may come into the possession of information through these new businesses that limits the Fund's ability to engage in potential transactions.

Vista currently provides, and expects in the future to provide, advice to other Funds or Vista Funds, including vehicles that follow investment programs substantially similar to that of its current Funds. Vista expects that it or Adviser Personnel will in the future establish one or more additional investment funds with investment objectives substantially similar to, or different (and potentially conflicts) from, those of the current Funds. Allocation of available investment opportunities between the Funds and any such investment fund could give rise to conflicts of interest. See "*Allocation of Investment Opportunities*" above. Vista may give advice or take actions with respect to, the investments of one or more Vista Funds that may not be given or taken with respect to other Vista Funds with similar investment programs, objectives, or strategies. As a result, Vista Funds with similar strategies will not hold the same securities or achieve the same performance. In addition, a Fund generally is not be able to invest through the same investment vehicles or have access to similar credit or utilize similar investment strategies as another Vista Fund. These differences often result in variations with respect to price, leverage, and associated costs of a particular investment opportunity.

In addition, it is expected that Adviser Personnel responsible for managing a particular Fund will have responsibilities with respect to other Vista Funds managed by Vista, including funds raised in the future or to proprietary investments made by Vista and/or its principals of the type made by a Vista Fund. Conflicts of interest arise in allocating time, services, or functions of Adviser Personnel. As a result, Adviser Personnel have an incentive to allocate more time, services, or functions to Vista Funds from which such personnel derive a higher economic benefit and/or better performing Vista Funds.

VCP, its affiliates, its principals, and employees will devote so much of their time to the activities of the Fund as they deem necessary and appropriate. Except as set forth in the Funds' Governing Documents, the General Partner, VCP, and its affiliates are not restricted from forming additional Vista Funds, from entering into other investment advisory relationships, or from engaging in other business activities, even though such activities may be in competition with the Funds and/or may involve substantial time and resources of VCP, the General Partner, and affiliates. These activities could be viewed as creating a conflict of interest in that the time and effort of the members of VCP and its respective principals and employees will not be devoted exclusively to the business of a particular Fund but will be allocated between the businesses of Vista's various Vista Funds.

A Fund may, from time to time, pursuant to the Governing Documents, lend certain amounts to VCP and its affiliates with respect to its pro rata share of an investment in those circumstances in which such Fund is borrowing with respect to the investment on a short-term basis.

## **Affiliated BDC**

Without limitation on the above, VCP's key personnel could serve in similar capacities for VCSL or other BDCs that may be sponsored by Vista in the future. VCP and other affiliated advisers are not precluded from sharing senior management or investment personnel with the BDC Adviser. In fact, VCP currently expects that certain officers, managers and other personnel of VCP or other affiliated advisers would be shared with the BDC Adviser in connection with its management of VCSL, and would be responsible for, among other things, managing day-to-day activities, implementing investment strategies, identifying investment opportunities and making investment recommendations for VCSL. In serving in these dual capacities, the officers, managers and personnel of VCP or the relevant VCP affiliated adviser will devote only as much of their time to VCSL's business as they determine is reasonably required, which may be substantially less than their full time. In addition to the limitations imposed by the 1940 Act, those persons could also face conflicts of interest making decisions related to the allocation, holding and disposition of investments that are within the mandate of both the relevant Fund and VCSL. On account of the fulfillment of their obligations and responsibilities to VCSL or its investors, there can be no assurance that VCP and its officers, managers and other personnel will always take actions that are in the Funds' best interests or the best interests of the Limited Partners.

VCSL or another BDC could be organized, funded and operated concurrently with one or more Funds and could target many of the same types of investments as the Funds target. VCSL (and any future BDC) is required to be managed in accordance with the rules and regulations of the 1940 Act, which, in part, impose restrictions on the ability of VCSL to co-invest with the Funds, which may limit or restrict allocations of investments to the Funds. Although Vista may be able to obtain exemptive relief from the SEC for certain of these co-investment restrictions, during the time VCSL is subject to such restrictions, Vista may determine that certain investment opportunities otherwise eligible for the Funds are more appropriate for VCSL, which would preclude the Funds from also participating in such investments. At any time following the receipt of exemptive relief from the SEC, although co-investment with the Funds would be permitted, Vista may continue to allocate certain types of investments solely to VCSL and/or allocate to the VCSL a pro rata or other portion of certain types of investments that otherwise would be available to the Funds.

## **Conflicts of Interest Regarding Vista Capital Markets Operations**

Vista, an affiliate thereof or an affiliate of the General Partner (together with any successor or affiliate thereof acting in a similar capacity, "Vista Capital Markets") is, or is expected in the future to be, authorized to conduct private placements (including on behalf of one or more Funds) and to engage in certain capital markets and lending activities, including (i) managing, arranging or otherwise participating in underwriting syndicates and/or selling groups with respect to portfolio companies of a Fund and (ii) arranging or otherwise engaging in the private placement of debt or equity securities or instruments issued by a Fund's portfolio companies and non-controlling entities in or through which a Fund may invest. Subject to certain consents, as applicable, Vista

Capital Markets also is expected to engage in such activities on behalf of other Vista Funds, including serving as an arranger, lead lender or in another capacity with respect to loans or other credit activities on behalf of the Credit Funds. As a consequence of such activities, Vista Capital Markets is expected from time to time to hold positions in instruments and securities issued by a Fund's portfolio companies on an interim basis. Furthermore, the business and activities of Vista Capital Markets are expected to continue to evolve and expand over time, and it is anticipated the Vista Capital Markets will engage in other transactions and activities over time (including certain activities as it is authorized to engage in as a registered broker-dealer if it becomes a registered broker-dealer with the SEC and a member of FINRA). Although Vista Capital Markets initially intends to provide services only with respect to the Vista Funds and their portfolio companies, it reserves the right in the future to provide such services to third parties.

Subject to applicable law, Vista Capital Markets is expected to receive underwriting fees, arranger fees, placement commissions, syndication fees, underwriting discounts, financing fees, interest payments and/or other compensation and expense reimbursements with respect to such activities, which amounts will not reduce or offset the Funds' Management Fees and are not otherwise required to be shared with the Funds or Partners thereof. The amount and terms of the compensation paid to Vista Capital Markets will vary based on the services it is providing, but in some cases will be derived based on a percentage of value of the applicable transaction or a percentage of the offering underwritten by Vista Capital Markets, and is generally expected to be significant. The terms of such compensation generally will be determined among the transacting parties, including the applicable Vista Funds or relevant portfolio company, Vista Capital Markets and other participants (e.g., other underwriters or syndicate members). Vista and its affiliates are subject to potential conflicts of interest to the extent they negotiate, determine or approve any such compensation, and while Vista will seek compensation that it believes is reasonable and generally charged at market rates based on its knowledge of the market but not necessarily as a result of benchmarking, such compensation may not in each case be negotiated at arm's length, and there can be no assurance that other market parties would not charge lower amounts. The compensation payable to Vista Capital Markets also creates an incentive for Vista and its affiliates to seek to refer, allocate or recommend an investment or transaction to the Funds (and/or other Vista Funds) that it might not otherwise if the potential for such compensation did not exist, and the lack of offset regarding such compensation provides Vista an incentive to seek higher fees in connection with such arrangements.

Where Vista Capital Markets serves as underwriter with respect to a portfolio company's securities, a Fund may be subject to a "lockup" period following the offering under applicable regulations or agreements during which time its ability to sell any securities that it continues to hold is restricted. This may prejudice the Fund's ability to dispose of such securities at an opportune time.

In addition, in circumstances where a Vista Fund or the relevant portfolio company becomes distressed and the participants in an offering undertaken by such Vista Fund or portfolio company have a valid claim against the underwriter, the Fund would have a conflict in determining whether

to sue a Vista-affiliated broker-dealer. In circumstances where a non-affiliate broker-dealer has underwritten an offering, the issuer of which becomes distressed, the Fund may also have a conflict in determining whether to bring a claim on the basis of concerns regarding Vista's relationship with such non-affiliate broker-dealer.

Vista's relationship with Vista Capital Markets gives rise to potential conflicts of interest between Vista, on the one hand, and other Funds that have an interest in any portfolio company or other entity to which Vista Capital Markets provides services, on the other hand. Vista and Vista Capital Markets intend to share certain personnel and enter into compensation and expense sharing arrangements. Vista generally has an incentive to exercise its control or influence over portfolio companies, their management teams and other Vista Funds such that they retain Vista Capital Markets instead of other service providers. Vista will evaluate transactions on a case-by-case basis to seek to mitigate such conflicts in light of Vista's ongoing obligations to other Vista Funds. To the extent any Fund engages in a "principal transaction" with Vista Capital Markets, or Vista Capital Markets acts as a compensated broker in connection with an "agency cross transaction" involving a Fund, Vista will review the related transaction in an effort to ensure compliance with the requirements of Section 206(3) of the U.S. Investment Advisers Act of 1940, as amended, and the rules and regulations promulgated thereunder, and the Fund's partnership agreement.

### **Vista Capital Markets Promoted Investments**

The Funds are authorized to make investments from time to time in transactions where Vista Capital Markets is acting as agent, broker, principal, arranger or syndicate manager or member on the other side of the transaction or for other parties in the transaction, in circumstances where the General Partner believes in good faith that the terms of such transactions, taken as a whole, are appropriate for the relevant Fund and are otherwise in accordance with applicable law.

In connection with selling investments by way of a public offering, Vista Capital Markets is, or is expected in the future to be, permitted to act as the managing underwriter or a member of the underwriting syndicate on a firm commitment basis (although it will not purchase investments from the Funds in that capacity). Vista is also authorized (or is expected in the future to be authorized), on behalf of the Funds, to effect transactions, including transactions in the secondary markets where Vista Capital Markets is also acting as a broker or other advisor on the other side of the same transaction.

Whether or not Vista Capital Markets receives commissions from such agency cross-transactions as indicated above, it may nonetheless have a potential conflict of interest regarding the relevant Fund and the other parties to those transactions to the extent it receives commission or other compensation from such other parties. Vista is permitted to retain without offset any commissions, remuneration or other profits that may be made in such transactions. The General Partner will approve any transactions in which Vista Capital Markets acts as an underwriter, as broker for the relevant Fund or as broker or advisor on the other side of a transaction with the Fund only where the General Partner believes in good faith that such transactions are appropriate for the Fund, and, by executing the subscription agreement in connection with an investor's

admission to the Fund, each investor will consent to all such transactions, along with the other transactions involving conflicts of interest described herein, to the fullest extent permitted by law. Please also see Item 5 above regarding “Brokerage Fees” and Item 12 below for additional information regarding brokerage practices.

### **Performance-Based Fees (Carried Interest) Related Conflicts**

The existence of performance-based fees (including Carried Interest) creates a number of conflicts of interest for the applicable General Partner and/or VCP. The General Partner’s entitlement to carried interest could incentivize the General Partner or VCP to cause the Funds to make riskier or more speculative investments than it would in the absence of such performance-based compensation.

Additionally, due to the preferred return, the General Partner and/or VCP may be incentivized to cause the Fund to realize investments earlier than it would otherwise in the absence of such performance-based compensation. Earlier realizations of investments could cause the General Partner to receive carried interest distributions at the time of such realization in an amount that exceeds the amount of carried interest the General Partner is ultimately entitled to receive once all investments have been realized. As the General Partner clawback will be calculated on an after-tax basis under the Governing Documents, Limited Partners may not ultimately receive the full share of profits that they would have otherwise received had there been no excess carried interest distributed to the General Partner or similar person.

In addition, as Vista manages Vista Funds for which it receives differing levels of performance based compensation, it could be incentivized to favor certain Vista Funds or take increased investment risks on behalf of such Vista Funds for which it receives a larger performance based compensation.

The entitlement to carried interest also creates potential conflicts of interest in the valuation of investments. If distributions are made of property other than cash, the amount of any such distribution will be accounted for at the fair market value of such property, as determined in accordance with procedures specified in the Governing Documents. Such valuation will affect the amount of carried interest allocated by the Fund to the General Partner and its affiliates, as well as the timing of the General Partner’s receipt of carried interest. Accordingly, the General Partner will have an incentive to place a higher valuation on these securities than it would in the absence of its carried interest entitlement. An independent appraisal generally will not be required and is not expected to be obtained.

In addition, the relevant General Partner is incentivized to hold on to investments that have poor prospects for improvement (and to delay or forego a determination that the investments are permanently written down in the manner described in the relevant partnership agreement (such investments, “Impaired Value Investments”)) in order to receive ongoing Management Fees in the interim and, potentially, a more likely or larger carried interest distribution than would otherwise be the case if such investments had not been made or held (or if such determination had not been

made), including because of the possibility that such asset's value will appreciate in the future. This incentive is increased by the presence of the clawback obligation of the General Partner. The partnership agreement may permit the General Partner to cause the relevant Fund to distribute the General Partner's share of securities resulting from an investment disposition by the Fund to the General Partner or its affiliates (including Vista personnel) in kind, while disposing of Limited Partners' share of such securities and distributing the net cash proceeds of such sale of securities to the Limited Partners. This ability creates conflicts of interest between the General Partner and the Limited Partners of the Fund. The General Partner will likely be incentivized to receive distributions in-kind of securities that it expects to increase in value because the benefits of such increase will inure solely to the General Partner, and the Fund or the Limited Partners will not benefit from such increase.

Where the Management Fee is calculated taking into account the valuation of an investment, including a determination of whether an investment has become an Impaired Value Investment, the General Partner will have incentives to make determinations that result in the continued payment of, or a higher, Management Fee. Where the relevant partnership agreement does not require Management Fees to be reduced in connection with investment reorganizations, restructurings, extraordinary dividends or similar transactions, the General Partner expects to be incentivized to pursue such transactions. Further, Management Fees generally will not be reimbursed or refunded in the event of realizations, dispositions or partial write-downs or write-offs that occur partway through the relevant calculation period. Additionally, the amount of carried interest and Management Fees owed to the General Partner is dependent in part on the amount and timing of investment dispositions, as well as in certain instances determinations that investments are Impaired Value Investments, and the General Partner expects to be subject to related conflicts of interest in determining whether and when to dispose of investments, make distributions, and/or determine that an investment is an Impaired Value Investment, within the requirements of the relevant partnership agreement.

### **Differing Compensation Arrangements**

Vista is subject to a conflict of interest because varying compensation arrangements among Vista Funds could incentivize Vista to manage Vista Funds differently. Depending on the compensation rates in the Vista Funds relative to each other, these and other differences could make the Vista Funds less profitable on a marginal basis to Vista than certain Vista Funds or vice-versa.

### **Fund Level Borrowing**

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

subscription facilities to benefit co-investment parties. For example, a Fund will borrow to fund a co-investment party's pro rata share of an investment or expense related to an investment. While VCP expects that all parties participating in an investment (including the General Partner and any co-investment party and/or joint venture partner) will bear their pro rata share of the interest expenses but not necessarily origination and other costs allocable to the extension of credit. The relevant the Fund will therefore bear a disproportionate amount of the credit risk in incurring the debt on behalf of the other parties, and is permitted to bear a disproportionate amount of costs incurred in connection with the extension of credit. In addition, credit facilities for certain Funds are available to provide borrowed funds directly to the portfolio companies of such Funds, in which case such borrowed funds would be guaranteed by such Funds. In such instances the Funds would bear the sole liability for the borrowed funds in the event of a default, and as a result, such portfolio company and any of its other investors (including direct investments by the General Partner and any co-investor) benefit from the credit risk taken by the Fund's guarantee. Accordingly, any interest charged to the portfolio company for such lend funds would be retained solely by the guaranteeing Fund.

To the extent the Fund utilizes a subscription line credit facility or other borrowed funds in advance or in lieu of capital contributions, the Fund's Investors generally make corresponding later capital contributions, but the Fund will bear the expense of interest on such borrowed funds. As communicated to investors, VCP recently modified its subscription line policy to bring it more in line with market practice and utilize the subscription line for longer periods than before and minimize the number of capital calls to investors. As a result, the Fund's use of borrowed funds will impact the calculation of net performance metrics (to the extent that they measure investor cash flows) and generally make net IRR calculations higher than they otherwise would be without fund-level borrowing as these calculations generally depend on the amount and timing of capital contributions and fund-level borrowing increases the likelihood that any hurdle or preferred return component in the Fund's Carried Interest arrangements will be met. In other circumstances the use of Fund-level borrowing can increase the base of a Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or nonrepayment thereof, can also influence the determination of the end of a Fund's investment period, and cause or defer a related change in the basis of the relevant Fund's Management Fee calculation under the Governing Documents. It is expected that the interest will accrue on any such outstanding borrowings at a lower rate than any preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made to the relevant Fund. Thus, while the Fund will bear the expense of borrowed funds, such borrowings can also increase the Carried Interest received by the Fund's General Partner by decreasing the amount of distributions from the Fund that are required to be made to Fund Investors in satisfaction of any preferred return. The General Partner therefore has a conflict of interest in deciding whether to borrow funds because the General Partner could receive disproportionate benefits from such borrowings.



Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows a Fund's General Partner to fund investments and pay partnership expenses without calling capital, potentially for extended periods of time. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short-term liquidity concerns for Limited Partners that would not arise had the General Partner called smaller amounts of capital incrementally over time as needed by the Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring a Limited Partner to meet the accumulated, larger capital calls at the same time. The General Partner is authorized to use fund-level borrowing to pay Management Fees and to reimburse Vista for expenses incurred on behalf of the Fund. The Fund is also permitted to utilize fund-level borrowing when the General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If the Fund ultimately is unable to repay the borrowings through those other means, the Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the Fund, resulting in a potential net benefit to the Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

In other circumstances, lenders and other market participants are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Vista Fund or a Vista affiliate relating to their respective lending or other facilities; if any such provision were to be triggered, a Fund's Limited Partners could suffer adverse effects resulting from any default by any Vista Fund or a VCP affiliate, whether or not related to the Fund in which such Limited Partners have invested.

If an investment appreciates in value and is disposed of prior to repayment, the relevant Fund generally would apply disposition proceeds to repay the borrowing and related interest and expenses, the absence of invested capital funded by Limited Partners potentially will result in a distribution of net proceeds without a preferred return accrual on the amount invested. Accordingly, borrowings have the potential to support the distribution of proceeds to Limited Partners and increase the potential Carried Interest for the relevant General Partner, as reduced by the interest incurred by the relevant Fund. Subject to any limitations in the Governing Documents, this scenario potentially incentivizes the relevant General Partner to permanently fund the acquisition and ongoing capital needs of a Fund's investments and related expenses with the proceeds of such borrowings in lieu of drawing down capital contributions on an as-needed basis, and, accordingly, capital contributions to repay such borrowings may be required only at the time of the disposition of an investment (or never, if principal and interest on such borrowings are always repaid out of disposition proceeds).

Borrowing by the Fund will generally be secured by capital commitments made by the Limited Partners to the Fund and/or by the Fund's assets, and documentation relating to such borrowing may provide that during the continuance of a default under such borrowing, the interests of the Investors may be subordinated to such Fund-level borrowing. Moreover, tax-exempt investors should note that the use of borrowings by the Fund may cause the realization of UBTI.

### **Positions with Portfolio Companies**

From time to time Adviser Personnel may also be asked to serve as directors of, or observers with respect to, certain entities in which a Fund has fully exited its ownership interest (or is in the process of fully exiting its ownership interest) and/or following the termination of such Adviser Personnel's employment with VCP. In such circumstances, any compensation or fees received with respect to such exited investment and/or by such Adviser employee or former employee is not subject to the Management Fee offset described above, or otherwise shared with the Funds and/or Investors.

Further, Adviser Personnel or consultants to VCP (e.g., VCT members) are permitted to also serve as directors or interim executives of, or otherwise be associated with, companies that are competitors of portfolio companies of the Funds. In such cases, such personnel may be subject to fiduciary and other obligations to make decisions that they believe to be in the best interests of the relevant companies. Although, in most cases involving a Fund's portfolio companies, the interests of the Fund and its portfolio companies would be expected to be aligned, this may not always be the case, particularly if portfolio companies are likely to be in financial difficulty. It would also be expected that the interests of a competitor company would not be aligned with those of a Fund or its portfolio companies. This may result in a conflict between the relevant individual's obligations to a portfolio company or competing company and the interests of the relevant Fund. In some circumstances, having Adviser Personnel serve as directors or interim executives of a portfolio company of one Fund or another company (including, for these purposes, a portfolio company of any other Vista Fund) may restrict the ability of a Fund to invest directly in an investment opportunity that also constitutes an investment opportunity for such company.

Additionally, a portfolio company typically will reimburse Vista or service providers retained at Vista's discretion for expenses (including, without limitation, expenses related to training programs, meetings and other events (to the extent such programs, meetings or events are attended by portfolio company personnel), certain entertainment expenses (to the extent that such expenses are attributable to portfolio company usage), travel, and travel-related expenses, and expenses relating to recruiting, relocation and background checks for portfolio company positions) incurred by Vista or such service providers in connection with its performance of services for such portfolio company. as well as consulting fees (and other cash and noncash compensation) incurred. This subjects Vista and its affiliates to conflicts of interest because the Funds generally do not have an interest or share in these reimbursements, and the amount of such reimbursements over time is expected to be substantial. Vista determines the amount of these reimbursements for such services in its own discretion, subject to its internal reimbursement policies and practices. Although the amount of individual reimbursements typically is not disclosed

to all Investors in any Fund, their effect is reflected in each Fund's audited financial statements, and any fee paid or expense reimbursed to Vista or such service provider generally is subject to: (i) agreements with sellers, buyers, and management teams; (ii) the review and supervision of the board of directors of or lenders to portfolio companies; and/or (iii) third-party co-investors in its transactions. These factors help to mitigate related conflicts of interest.

### **Information and Fringe Benefits**

In connection with its services to the Funds and their investments, Vista, its affiliates, and personnel expect to receive the benefit of certain tangible and intangible benefits. For example, in the course of Vista's operations, including research, due diligence, investment monitoring, operational improvements and investment activities, Vista and its personnel expect to receive and benefit from information, "know-how," experience, analysis and data relating to Fund or portfolio company (as applicable) operations, terms, trends, market demands, customers, vendors and other metrics (collectively, "Vista Information"). In many cases, Vista Information will include tools, procedures and resources developed by Vista to organize or systematize Vista Information for ongoing or future use. Although VCP expects its Funds and their portfolio companies generally to benefit from Vista's possession of Vista Information, it is possible that any benefits will be experienced solely by other or future Vista Funds or portfolio companies (or by Vista and its personnel) and not by the Fund or portfolio company from which Vista Information was originally received. Vista Information will be the sole intellectual property of Vista and solely for the use of Vista. Vista reserves the right to use, share, license, sell or monetize Vista Information, without offset to Management Fees, and the relevant Fund or portfolio company will not receive any financial or other benefit of such use, sharing, licensure, sale, or monetization. Additionally, expenses relating to the Funds or portfolio companies are expected to be charged using credit cards or other widely available third-party rewards programs that provide airline miles, hotel stays, travel rewards, traveler loyalty or status programs, "points," "cash back," rebates, discounts and other arrangements, perquisites, and benefits under the available terms of such reward programs. Such terms are expected to vary from time to time, and any such rewards (whether or not *de minimis* or difficult to value) generally will inure to the benefit of the personnel participating in the rewards program, rather than the portfolio companies, the Funds, or their respective investors; no such rewards will offset Management Fees.

### **Relationships with Third Parties / Use of Service Providers**

VCP generally exercises its discretion to recommend to a Fund, or to a business in which a Fund has made an investments, that it contract for services with: (i) VCP or a related person of VCP (which may include a business in which a Fund has made an investment); (ii) an entity with which VCP or its affiliates or Adviser Personnel has a relationship or from which VCP or its affiliates or Adviser Personnel otherwise derives financial or other benefit, including relationships with joint venturers or co-venturers, or relationships where Adviser Personnel are seconded, or from which VCP receives secondees; or (iii) certain Limited Partners or their affiliates. Such relationships may influence decisions that VCP makes with respect to the Funds. For example, VCP expects to be presented with opportunities to receive financing and/or other services in connection with a Fund's

investments from certain Limited Partners or their affiliates that are engaged in lending or related business. Such services also include services during the diligence and acquisition process. This subjects VCP to conflicts of interest, because although VCP selects service providers that it believes are aligned with its operational strategies and will enhance portfolio company performance and, relatedly, returns of the relevant Fund, VCP has a potential incentive to recommend the related or other person (including a Limited Partner) because of its financial or other business interest. There is a possibility that VCP, because of such belief or for other reasons (including whether the use of such persons could establish, recognize, strengthen, and/or cultivate relationships that have the potential to provide longer-term benefits to the relevant Vista Funds or VCP) would favor such retention or continuation even if a better price and/or quality of service could be obtained from another person. VCP will not necessarily seek out the lowest cost options when incurring (or causing a Fund or its portfolio companies to incur) such expenses. Although VCP generally seeks appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Additionally, from time to time VCP permits certain service providers, their affiliates and personnel to invest in, co-invest alongside, one or more Vista Funds, and due to the nature of the service provider relationships these persons have the potential to have information advantages to other investors or co-investors. In certain circumstances where VCP commits or has committed to seek “market” or “arms-length” rates or terms, VCP will do so in its sole discretion, seeking rates that it has determined in its sole discretion to be reflective of the range of rates in the applicable or related markets. VCP reserves the right to deem third-party investments in a transaction to be verification that the transaction was entered into at a value that is “arms-length.” Consequently, VCP undertakes no minimum amount of benchmarking, and does not represent that any such benchmarking ultimately will be accurate, comparable or relate specifically to the assets, services, or comparable markets to which such rates or terms relate. Where such rates or terms include hourly components, VCP reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services. Any methodology, or choice among methodologies, involves potential conflicts of interest. Whether or not VCP has a relationship or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

VCP and its affiliates also reserve the right to, from time to time, employ Adviser Personnel with pre-existing ownership interests in portfolio companies owned by the Vista Funds or other investment vehicles advised by Vista and/or its affiliates; conversely, former Adviser Personnel of VCP and/or its affiliates are expected from time to time to serve in significant management roles at portfolio companies or service providers recommended by VCP. In such capacity, this may give rise to conflicts to the extent that an employee’s fiduciary duties to a portfolio company as a director may conflict with the interests of Funds, but, because Vista and/or affiliates will generally have made a significant investment in such business, it is expected that such interests will generally be aligned. Compensation (if any) paid to principals and employees for this service is for the benefit of the applicable Fund only and is subject to a Management Fee offset.

Adviser Personnel may also serve as directors, or otherwise be associated with, companies that are competitors of businesses in which certain Funds have made investments. These businesses may also be counterparties or participants in agreements, transactions, or other arrangements with businesses in which other Vista Funds have made investments that may involve fees and/or servicing payments to Vista or its affiliates, which are not subject to Management Fee offsets or otherwise shared with the relevant Funds.

VCP and its affiliates reserve the right to, 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 VCP uses reasonable care to mitigate any potential conflicts of interest with respect to each particular situation, there is no guarantee that VCP can control all such conflicts of interest and there may be a continuing appearance of a conflict of interest (including, for instance, preferential hiring practices).

Services required by a Fund (including some services that will have been historically provided by VCP or its affiliates to the Funds) may be, for certain reasons including efficiency and economic considerations, outsourced in whole or in part to third parties or licensed software, in each case in the discretion of VCP or its affiliates. This can create a conflict of interest because VCP and its affiliates have an incentive to outsource such services at the expense of the Funds to, among other things, leverage the use of Adviser Personnel. 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, trading, legal, human resources, client services, compliance, corporate secretarial and tax support, director services and other similar services. Outsourcing may not occur universally for all Funds and accordingly, certain costs may be incurred by a Fund for a third-party service provider that is not incurred for comparable services by other Funds. The decision by VCP 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 VCP has no obligation to inform such Funds or investors of such a change. Such services may also supplement or be performed alongside services performed by VCP. The costs and expenses of any such third-party service providers will be borne by the Fund. VCP also reserves the right to elect to allocate costs associated with providing in-house legal, administrative, accounting, finance, tax, capital markets, compliance, ESG, or other similar services to the Funds and/or portfolio companies, as described above.

Third-party advisors and service providers often charge different rates, including discounted or below-market or no-fee rates, or otherwise have different arrangements for specific types of services. For example, the fee for a particular type of service may vary based on the complexity of the matter, the expertise required, demands placed on the service provider and the volume of various matters and services. Therefore, to the extent the types of services used by a Fund are different from those used by VCP or its affiliates, or other Vista Funds or their portfolio companies or any of their respective affiliates, any of the foregoing may pay different or preferential amounts

or rates than those paid by a Fund or the businesses in which a Fund invests with respect to any particular advisor or service provider. VCP reserves the right to make all determinations regarding any such differential rates or arrangements with respect to each Vista Fund in its sole discretion.

Current and former officers and executives of portfolio companies may also invest in a Fund. While VCP believes this aligns portfolio company management teams with the best interests of the Fund, VCP may, in certain circumstances, be incentivized to take (or refrain from taking) certain actions with respect to a portfolio company in order to maintain the goodwill with such portfolio company management team investor.

Certain personnel of VCP (which for the avoidance of doubt, may be separate from VCT personnel) or its affiliates (including VCG) are permitted to be temporarily seconded to or otherwise engaged by certain businesses in which Credit Funds and other Vista Funds invest, on either a full-time or a part-time basis to provide services to such portfolio companies. In some instances, VCP will pay such person's cash and non-cash compensation and will pay for any travel costs or other out-of-pocket expenses incurred in connection with the provision of their services. In other instances, in accordance with the relevant Fund's Governing Documents, such business will bear such costs and expenses, including cash, equity, and other non-cash compensation, and such expenses will not be offset against the relevant Management Fee. To the extent Vista receives any fees or expense reimbursement from such a business with respect to such personnel, in the event that employee is not a principal of Vista and is spending a material portion of his or her business time in a non-director management role at such business, it is expected that they will not result in any offset against the Management Fees payable by a Fund. 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 VCP, or a seconded employee may be unclear. In such cases, VCP will make a determination in good faith based on its evaluation of the relevant facts and circumstances, including the types of services provided to the portfolio company and the amount of time such individual dedicates to the portfolio compared to other duties to VCP and the Funds' other portfolio companies or potential portfolio company. To the extent such secondment or engagement is on a part-time basis, VCP will use its discretion in allocating the appropriate costs of such employees amongst the appropriate entities and reserves the right to rely on approximations or estimates of time spent for purposes of allocating or charging for services.

### **Third-Party Consultants and VCT**

Vista from time to time retains certain senior advisors and consultants, including VCG, and deploys others members of VCT, namely Vista's Operating Professionals, to provide services to (or with respect to) one or more Vista Funds or Companion Funds or certain current or prospective portfolio companies in which one or more Vista Funds or Companion Funds invest. Such persons generally may provide services in relation to the identification, acquisition, holding, improvement and disposition of portfolio companies, including operational aspects of such companies, and from time to time also provide "front office" functions with respect to a Vista Fund, such as sourcing or other investment-related functions (such services provided by third-party consultants, VCG or

other members of VCT, collectively, "Consultant Services"). Consultant Services may also include serving in management or policymaking positions for portfolio companies. These services may be high level insight or extensive day-to-day roles, and may include support to the General Partner or portfolio companies regarding, among other things, the company's management (including serving in management positions or participating in determining corporate strategy), the company's supply chain, revenue and margin management (including determining sales/marketing strategy and retail strategy), data intelligence, finance (including generating metrics and reporting and business restructuring), human capital management (including recruiting personnel and determining executive/incentive compensation), information technology, cybersecurity, corporate communications, customer service, sustainability (including strategy, policy, and reporting development), real estate matters, and similar operational matters. The nature of the relationship with each such consultant and the time devotion requirements of each such consultant may vary significantly. These arrangements may be memorialized in a formal written agreement or may be informal and are negotiated individually, depending upon the anticipated Consultant Services to be provided. In certain cases, consultants have attributes of, or may otherwise be perceived to be, VCP personnel (for instance, they may have dedicated office space, receive VCP administrative support, participate in general meetings or events for VCP personnel, have a VCP e-mail address or business cards), even though they are not employees, affiliates or personnel of Vista. Consultants may make use of VCP resources or otherwise be associated with VCP.

Compensation for third-party senior advisors, consultants, VCG or other members of VCT may be paid and/or reimbursed by VCP, the portfolio companies and/or a Fund. Consultant compensation paid to a consultant that is an affiliate or employee of VCP or its affiliates will be determined at the discretion of VCP taking into account the particular Consultant Services and may include reimbursement of an allocable portion of an affiliated consultant's compensation (including, without limitation, salary, bonus, payroll taxes and benefits) and overhead (including, without limitation, rent, property taxes and utilities allocable to the workspaces), as well as cash fees, retainers, discretionary bonuses (whether or not based on pre-determined milestones), transactions fees, participation interest and/or securities of a portfolio company. Consultants or other members of VCT also may have a limited partner interest in the applicable General Partner and/or one or more Vista Funds, including a Fund, may receive remuneration from Vista and/or the Vista entities or their affiliates, and/or be entitled to other forms of compensation, the amount of which will generally be determined according to one or more methods, including the value of the time (including an allocation for overhead and other fixed costs) of such consultants, hours worked by a consultant, a percentage of the value of a portfolio company, or amounts charged by other providers for comparable services. Compensation in the form of profits or equity interests in a portfolio company generally has a dilutive impact on a Fund's investment, and a Fund typically will bear the costs of all compensation paid to such persons as well as fees, costs and expenses of structuring consultant arrangements. Third-party consultants, VCG and/or other members of VCT have also received and expect to receive in the future expense reimbursements (including reimbursements for travel and other costs in connection with their services). With the exception of the portion of fees received by VCT related to consulting, management or other services from

portfolio companies in excess of the cap set forth in the applicable partnership agreement, such investment opportunities, reimbursements, and other compensation paid to third-party senior advisors, consultants, VCG or other members of VCT will not offset the Management Fee. In the event one or more providers are providing services with respect to the Vista Funds, including a Fund, such providers' expenses will be allocated among the Vista Funds as determined by Vista, as applicable in a manner it believes to be fair and equitable to the Vista Funds under the circumstances over time, consistent with the applicable Governing Documents and as described elsewhere herein. To the extent any such provider's expenses are payable to any affiliated consultant by a Fund or a portfolio company, such expenses will be retained by such consultant and will not reduce the Management Fee or any other fees otherwise payable to VCP or its affiliates and will not benefit a Fund or its Limited Partners, even if the consultant paid by a Fund or a portfolio company have the effect of reducing any retainers or minimum amounts otherwise paid by VCP. The determination of whether compensation of a third-party senior advisor, consultant or member of VCT is paid by a portfolio company, a Fund or VCP will be made by VCP in its sole discretion. VCP's determination as to whether a service is a Consultant Service, the categorization of any fees and expenses, and the allocation of such fees and expenses shall be binding on a Fund and the Limited Partners.

Although VCP seeks to retain senior advisors and consultants with a view to reducing costs to portfolio companies and, ultimately, a Fund, a number of factors may result in limited or no cost savings from such retention. VCP also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that VCP believes will align such persons' interests with those of the Limited Partners and seeks to retain only senior advisors, consultants and service providers that it believes provide a level of service at a value generally consistent with other relevant market alternatives. VCG operates at or near break-even, as assessed on an annual basis by VCP. However, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

### **Other Potential Conflicts Related to Third Parties**

VCP expects to be subject to a potential conflict of interest with a Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more Vista Funds, will provide VCP information about markets and industries in which VCP or an affiliate operates (or is contemplating operations), or will provide other services that are beneficial to VCP or one or more other Vista Funds. For example, VCP reserves the right to cause a Fund to make payments to investment banks and/or other intermediaries, all or a portion of which is for the purpose of generating future deal flow for such Fund; however, there can be no assurance that such payments will result in future deal flow, and in certain cases, future deal flow may inure to the benefit of another or a successor Fund rather than the Fund making the payment. VCP expects to be subject to a potential conflict of interest in making such recommendations, in that VCP has an incentive to maintain goodwill between it and the existing and prospective portfolio companies for a Fund, while the products or



services recommended may not necessarily be the best available to the portfolio companies held by a Fund.

### **Related Services**

VCP generally is permitted to, in its discretion, recommend to a Fund or to a portfolio company thereof (in response to a solicitation for a recommendation or otherwise) that it contract for services with (i) VCP or a related person of VCP (including but not limited to a portfolio company of a Fund); or (ii) an entity with which VCP or its affiliates or a member of their personnel has a relationship or from which VCP or its affiliates or their personnel otherwise derives financial or other benefit. Such relationships may influence decisions that VCP makes with respect to the Funds. When making such a recommendation, VCP, 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.

As described in Item 5 above, VCT (including VCG) performs services for portfolio companies and will receive VCT Fees and reimbursements from, actual or prospective portfolio companies or other investment vehicles of the Funds. Consistent with the Funds' Governing Documents, VCP incurs expenses, and a portfolio company reimburses Vista for such expenses (including without limitation travel and travel-related expenses) incurred by VCP in connection with its performance of services for such portfolio company. VCT Fees will be in addition to Management Fees and performance-based fees paid by the Funds to VCP and, subject to certain restrictions in certain Funds' Governing Documents, are not subject to Management Fee offsets, described in Item 5 above.

This creates a conflict of interest between VCP and the Funds and their Investors because the amounts of these fees and reimbursements may be substantial and the Funds and their Investors generally do not have an interest in these fees and reimbursements. VCP generally determines the amount of VCT Fees for services and reimbursements to approximate the cost of annual compensation paid by VCP or its affiliates to VCT (including VCG employees), including an estimate of Vista's overhead and other fixed costs allocable to VCT, and the amount of time the VCT member spent providing services. The focus of VCT's operations is to improve the operational results of the Funds' portfolio companies in a manner that improves the Funds' investment returns rather than generating an independent profit in the manner of a third party performing the same services. VCP reserves the right to adjust the rates charged to portfolio companies for services by VCT to account for the fluctuations in expenses and revenue based on usage volatility of portfolio companies and to ensure VCG is operated in a manner to achieve breakeven results annually.

### **Fees Received by the Credit Funds**

Portfolio companies of the Equity Funds and Perennial Fund pay arranger fees in connection with debt issued by such portfolio companies. In instances where one or more Credit Funds participate in such debt issuance, the participating Credit Fund(s) have and may in the future receive their

pro rata share of arranger fees or other economics and such fees will not offset any Management Fee of the Credit, Equity, or Perennial Funds.

### **Valuation of Assets**

As indicated in Item 8 above, the Funds regularly expect to make investments that likely will not have readily available market quotes. In such instances, VCP generally will value such investments in good faith based on various factors, including, without limitation, external pricing sources (if any), recent trading activity (if any), or other information including, among other factors, in the sole discretion of VCP, current market conditions, trends, and prices and its knowledge and beliefs regarding the company and its historical and expected performance. In addition, in the event that a Fund makes any distribution in kind to Limited Partners, the fair market value of such distribution will be determined by the relevant General Partner. Such valuations may vary from similar valuations performed by independent third parties for similar types of investments. Inaccurate valuations may, among other things, prevent the Funds from effectively managing their investment portfolios and risks, may affect the diversification and risk management of the Funds, and may affect the amount of Carried Interest or incentive received by VCP and/or its affiliates, or the timing of receipt of Carried Interest could be incorrect. An independent appraisal may not be obtained, although the relevant Fund's LP Advisory Committee may object to valuations and request an independent appraisal on the terms set forth in the partnership agreement of a Fund. Additionally, the General Partner has a conflict of interest with respect to such valuations because the compensation paid or allocated by a Fund to the relevant General Partner and its affiliates, and the timing of the General Partner's receipt of carried interest, will depend in part on the value of the investments.

Moreover, the Funds' partnership agreements provide the General Partners with wide-ranging authority on the determination of Impaired Value Investments, and the criteria used by the relevant General Partner or its affiliates in valuing an investment, or determining whether an investment is an Impaired Value Investment, have the potential to be subjective, to be influenced by market information and other factors, and to vary over time. There can be no assurance that a third party or investor would agree with the substance or timing of the relevant General Partner's determination that an investment is an Impaired Value Investment, and, except as set forth in the relevant partnership agreement, neither the General Partner nor any of its affiliates is obligated to follow any third-party methodology in making its determination on whether an investment meets the relevant standards or whether value can be recovered or retained during such Fund's holding period. General Partners are entitled to make their own determination as to whether an investment is an Impaired Value Investment, taking into account all facts and circumstances it deems relevant, subject to the provisions of the Fund's partnership agreement. As a general matter, the standards for determining Impaired Value Investments are intended to be high and are not intended to apply to investments experiencing partial or temporary declines in value. Because the amount of compensation to the relevant General Partner and its affiliates is dependent in part on an investment's status as an Impaired Value Investment, such General Partner faces potential conflicts of interest in determining whether an investment meets, or continues to meet, the

relevant criteria. Although the General Partners and their affiliates intend to operate in accordance with the Funds' partnership agreements, as well as valuation and other policies, practices and procedures, in order to mitigate the potential for subjectivity in making such determinations, there can be no assurance that the relevant partnership agreement or any such policies, practices and/or procedures will address all of the necessary factors to do so, or completely eliminate all potential conflicts of interest in such determinations.

### **Management of the Vista Funds**

The Vista Funds will, from time to time enter into borrowing arrangements that require the Vista Funds to be jointly and severally liable for the obligations. If one Vista Fund defaults on such arrangement, the other Vista Funds may be held responsible for the defaulted amount. The Vista Funds will only enter into such joint and several borrowing arrangements when Vista determines it is in the best interests of the Vista Funds.

### **Side Letters and Relationships with Investors**

As discussed in Item 4, VCP or the General Partner of a Fund reserves the right to enter into side letters or other similar agreements with certain Investors in connection with their admission to such Fund, without any further act, approval or vote of any other Investor or any other person. The side letters or similar agreements may have the effect of establishing rights (including economic or other rights) under, altering, or supplementing the terms of the Governing Documents of the applicable Fund with respect to one or more such Investors in a manner more favorable to such Investors than those applicable to other Investors. Such rights may provide (or may provide in the future) such Investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of VCP's compensation, none of which generally will be subject to the "most favored nation" provisions of a Fund's Governing Documents), information, notice or reporting rights, priority co-investment rights or targeted co-investment amounts, rights to opt out of particular investments, rights to serve on a Fund's LP Advisory Committee, liquidity or transfer rights, withdrawal rights, confidentiality protections and disclosure rights, modification of default remedies, consent rights to certain amendments to the Fund's Governing Documents, as well as economic procedural and other terms.

VCP is likely to have its own economic and/or other business incentives to provide certain terms to certain limited partners (e.g., based on commitment amount to a Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to VCP, its affiliates and personnel or the Vista Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to VCP, its affiliates and personnel, or the Vista Funds). Further, side letters may also relate to strategic relationships under which an investor agrees to make capital commitments to multiple Vista Funds. Except where required by Governing Documents, other investors will not receive copies of side letters or related provisions, and as a general matter, the other investors have no recourse against a Fund, VCP, the relevant General Partner or any of their affiliates in the event that certain investors have

received additional and/or different rights and/or terms as a result of such side letters. Side Letters subject VCP to potential conflicts of interest, including in circumstances where an Investor's right to serve on the relevant Fund's LP Advisory Committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. Other side letter rights are likely to confer benefits on the relevant Limited Partner at the expense of the relevant Fund or of Limited Partners as a whole, including in the event that a side letter confers additional reporting, information rights and/or transfer rights, the costs and expenses of which are expected to be borne by the relevant Fund. As a consequence of one or more Limited Partners being excused or excluded, or from regulatory, tax or other factors altering or limiting their participation in investments, or ability to bear certain liabilities or obligations, the aggregate returns realized by participating or non-participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of particular investments; similar considerations apply in the event a Limited Partner defaults on a drawdown in respect of an investment. Although VCP believes it to be unlikely, excuse or other rights requested or received by one or more Limited Partners (or such regulatory, tax or other factors applicable to such Limited Partners) representing a substantial percentage of a Fund have the potential to create significant variations in limited partner investment returns, or exposure to liabilities or obligations, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Fund as a whole. A Limited Partner's voting rights for regulatory or other reasons can be limited in circumstances specified in the Governing Documents; conversely, a limitation on one or more limited partners' voting rights generally will increase the voting rights percentage of other limited partners in the relevant Fund. Further, Limited Partners with different domiciles or tax categorizations could receive different investment returns or amounts of tax basis and/or pay different levels of expenses, e.g., based on tax savings or ownership of alternative investment vehicle, "blocker" or other structures used to facilitate their investments in, through or below a Fund.

VCP has no obligation to offer all such additional rights, terms, or conditions, to any other Investors in the Funds, except to the extent required by the Governing Documents of the applicable Funds. Once invested in a Fund, Investors generally cannot impose additional investment guidelines or restrictions on such Fund. 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 an applicable Fund.

In addition, certain Investors in the Funds are also strategic Investors who are either directly or indirectly invested in VCP or otherwise have entered into a strategic relationship or co-sponsorship with VCP, and VCP provides such strategic Investors rights that it does not provide to all prospective Investors and/or Limited Partners, which may include preferential economic, liquidity, and/or investment opportunity rights, as well as access to portfolio company

management teams. In addition to these conflicts of interest for VCP, VCP's relationship with strategic Investors or co-sponsors may lead to conflicts of interests for the strategic Investors or co-sponsors because those parties may have conflicting interests from other Limited Partners as a result of their broader relationship with VCP.

### **Other Relationships with Investors, Prime Brokers, and Other Counterparties and Service Providers**

VCP generally has an incentive to recommend the products or services of certain Investors, including strategic Investors, prospective investors, and third parties, 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.

A Limited Partner or Investor in a Fund, a prime broker, another counterparty, or service provider of a Fund, or an affiliate, may provide services directly to, or enter into financial transactions with, VCP or its affiliates and/or may enter into relationships with the Funds. Among other things, a prime broker, another counterparty, or service provider, or its affiliates, have and may in the future, invest in the Fund with which it is providing services or another Vista Fund. To the extent a prime broker, other counterparty, service provider, or an affiliate provides services to Vista or its affiliates and/or enters into financial transactions with any of them (including by making investments in Vista Funds), VCP's interests may conflict with the Fund's interests in connection with VCP's decision to cause the Fund to select or retain the prime broker, or other counterparty, or service provider, or in connection with VCP's negotiation with the prime broker, or other counterparty, or service provider of the economic terms on which the prime broker, or other counterparty, or service provider provides its services to the Fund.

In addition, the Fund's prime brokers, other counterparties, and service providers may provide VCP with additional services beyond the custodial, clearing, lending, transactional, and other services they provide the Fund. These may include consulting, marketing, and other services that are not directly for the Fund's benefit. To the extent it obtains these or other services from a prime broker, other counterparty, or service provider, VCP has a conflict of interest because it has a potential incentive to cause the Fund to select one prime broker, counterparty, or service provider over another, to pay higher compensation (such as margin interest and charges for borrowed securities in connection with short sales, or other amounts), and/or to effect more transactions through a prime broker, counterparty, or service provider (possibly at higher rates), all to induce such prime broker, counterparty, or service provider to provide those services at a price lower than VCP would have to pay other providers. To the extent the rates VCP pays for services it receives from a prime broker, counterparty, or service provider are lower than market rates, the Fund may be viewed as bearing a portion of the costs of those services and thus providing Vista with additional compensation.

VCP and/or its affiliates may engage certain service providers to provide services to VCP, the Funds, and/or the portfolio companies. Certain of the Funds' Government Documents permit VCP

or its affiliates to receive offering, placement, syndication, underwriting, solicitation or similar fees, commissions, or other transaction-based compensation in connection with services provided by an affiliate registered broker-dealer to the applicable Fund or its current portfolio companies or prospective portfolio companies. Such fees would generally not offset any Management Fees. Although VCP has not formed or historically utilized a registered broker-dealer affiliate to provide such services or received such fees, VCP reserves the right to do so in accordance with the Funds' Governing Documents. Such service providers or their affiliates are, in certain circumstances, investors in a Fund and may include, for example, investment bankers, outside legal counsel, pension consultants, and/or other investors who provide services (including mezzanine and/or other lending arrangements). The engagement of any such service provider may be concurrent with an Investor's admission to a Fund, or during the term of such Investor's investment in the Fund. This creates a conflict of interest, as VCP could give such Investor preferred economics or other terms with respect to its investment in a Fund, enhanced information, or has a potential incentive to offer such Investor co-investment opportunities that it would not otherwise offer to such Investor.

VCP and/or its affiliates may engage in business opportunities arising from a Fund's investment in a portfolio company (for example, without limitation, entering into a joint venture with a portfolio company or making a proprietary investment in a portfolio company). This creates a conflict of interest, as such interests are a benefit arising from the Fund's investment and may vary from the applicable Fund's interest (e.g., whether to make a follow-on investment and, if so, how much should be allocated to the Fund).

In certain instances, a Fund's portfolio company competes with, is a customer of, or is a service provider to, another Vista Fund's portfolio company. In providing advice to a portfolio company's business, VCP may consider the interests of one portfolio company or Vista Fund and is not obligated to, and need not, take into consideration the interests of other relevant portfolio companies or Vista Funds. As a result, a conflict of interest may arise in these instances because advice and recommendations provided by VCP to a portfolio company may have adverse consequences to the portfolio company owned by another Fund. The performance and operations of a competitor, customer, or service provider portfolio company could conflict with, and adversely affect the performance and operations of another portfolio company, or could adversely affect prices, business opportunities, or potential acquisition opportunities. 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, or commence litigation against another portfolio company or prevent one portfolio company from commencing litigation against another portfolio company.

Additionally, Adviser Personnel and/or their family members or relatives may have ownership, employment, or other interests in such service providers. These relationships can influence VCP in determining whether to select or recommend such service provider to perform services for a Fund or a portfolio company. VCP will have a conflict of interest with the Funds in recommending

the retention or continuation of a third-party service provider to the Funds or a portfolio company if such recommendation, for example, is motivated by a belief that the service provider will continue to invest in the Vista Funds, will provide to VCP or another Vista affiliated entity information about markets and industries in which Vista operates (or is contemplating operations), or will provide other services that are beneficial to Vista and/or will provide financial sponsorship of events held by Vista (such as transaction closing dinners or outings, or informational summits or training events for Vista or portfolio company personnel). Although VCP 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 VCP, 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 VCP, the Funds and/or the portfolio companies, or affiliates of such service providers, may also provide goods or services to or have business, personal, financial, or other relationships with Vista, its affiliates, or their respective portfolio companies. Such service providers (or their employees) may also be a source of investment opportunities, be co-investors or commercial counterparties or entities in which VCP and/or the Funds have an investment, and payments by a Fund and/or such portfolio companies may indirectly benefit VCP and/or such Fund.

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

VCP, its personnel, the Funds, and the portfolio companies of the Funds will, from time to time, engage common third party advisors or service providers, who often charge varying rates, including discounted or below-market or no-fee rates, or engage in different arrangements for services provided to VCP, its personnel, the Funds, and/or the portfolio companies. For example, 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, VCP or its personnel may receive 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 may receive 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 VCP 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 VCP 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 Funds and/or the portfolio companies. Neither the Funds nor investors in the Funds will receive the benefit of any such favorable rate or discount provided to Vista, its personnel or its affiliates, and the Management Fee paid by any Fund will not be reduced in connection with such favorable rate or discount.

In addition, certain advisors and service providers (including law firms) from time to time temporarily provide their personnel to VCP, the Funds or other Vista Funds, the businesses in which the Funds and other Vista Funds invest or their respective affiliates on secondment pursuant to various arrangements including at cost or at no cost. Vista, the Funds, other Vista Funds, the businesses in which the Funds and other Vista Funds invest or any of their respective affiliates are, from time to time, beneficiaries of these arrangements as well. Such personnel may provide services in respect of multiple matters, including in respect of matters related to VCP, its affiliates and/or portfolio companies and in any such circumstance the benefits or costs of any such personnel will be allocated in VCP's discretion taking into consideration the usage of such personnel. In such circumstances, a conflict of interest exists because VCP or its affiliates have an incentive to select one service provider over another on the basis that VCP 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 VCP or its affiliates.

VCP from time to time is permitted to cause the Funds to bear the full cost and expense of engaging certain 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.

Certain members of a Fund's LP Advisory Committee are, or in the future may be, officers or directors of, or otherwise affiliated with, Investors in another Vista Fund.

The General Partner of a Fund will from time to time utilize the services of Investors and their affiliates on an arm's length basis with commercially reasonable terms, as it deems appropriate.

### **Diverse Limited Partner Group**

The Limited Partners of the Funds are expected to have conflicting investment, tax, and other interests with respect to their investments in a Fund. The conflicting interests of the individual Limited Partners generally relate to or arise from, among other things, the nature of investments made by a Fund, the structuring of the acquisition of investments, and the timing of the disposition of investments. As a consequence, conflicts of interest arise in connection with decisions made by VCP or its affiliates, including with respect to the nature or structuring of investments, that are more beneficial for one Investor than for another Limited Partner, especially with respect to their individual tax situations. In selecting and structuring investments appropriate for a Fund, VCP and its affiliates will consider the investment and tax objectives of the applicable Fund, not the investment, tax, or other objectives of any Limited Partner individually.

### **LP Advisory Committee Decisions**

Generally, the General Partner of a particular Fund will appoint one or more unaffiliated Limited Partner representatives to such Fund's LP Advisory Committee, which has the ability to review



and waive compliance with certain provisions of the Governing Documents, including resolving potential conflict of interest situations, and whose approval is required or may be requested in certain circumstances under the Governing Documents, including certain approvals or consents required by U.S. federal securities laws. A conflict of interest may exist when some, but not all Limited Partners are permitted to designate a member to an LP Advisory Committee because those designating Limited Partners will, for instance, have greater information rights. The LP Advisory Committees may also have the ability to approve conflicts of interests with respect to VCP and the applicable Fund, which could be disadvantageous to the Investors, including those Investors who do not designate a member to an LP Advisory Committee.

In addition, members of one Fund's LP Advisory Committee may also be a member of another Vista Fund's LP Advisory Committee. In such instances, a conflict of interest exists because the Vista Funds on which such overlapping LP Advisory Committee members may have conflicting interests and such LP Advisory Committee members may be requested to provide their consent with respect to such conflicts of interest and will not recuse themselves from any such vote.

Further, representatives of the LP Advisory Committee may have various business and other relationships with Adviser Personnel and VCP affiliates. Any such relationships could influence their decisions as members of the LP Advisory Committee.

Some or all of the members of the LP Advisory Committee will likely also be on the advisory committees of the other Funds with which there is a potential conflict or will likely represent investors that have an interest in both a Credit Fund and such other Funds (including co-investment vehicles). Such LP Advisory Committee members will not be precluded from participating in discussions with respect to, or from voting on, such transactions that involve potential conflict of interests, including between a Credit Fund and such other Funds.

### **Potential Conflicts Related to Future Strategies and Products**

Vista could in the future expand its investment management services beyond the Vista Funds, including through single investor funds, managed accounts, overage funds, funds with different return profiles, regulatory obligations, operational strategies, target investment sizes, geographic focuses or expected hold periods, SPACs, business development companies, companion funds, continuation funds in connection with a Vista Fund restructuring and/or other specialized investment vehicles (collectively, "Other Products"), that in some cases may have overlapping investment strategies or targeted investments with one or more of the Vista Funds. Further, the General Partner and its affiliates are not restricted from organizing or investing through any successor funds to investment funds in existence as of the effective date or any managed account or other similar arrangement. While no Other Products have been established as of the date of this brochure, to the extent any Other Products are formed in the future, similar potential conflicts

of interest as those disclosed in this section of the brochure may apply, including those described in “Allocation of Investment Opportunities” and “Conflicts Related to Purchases and Sales” above.

To the extent that Other Products give rise to additional potential conflicts of interest not specifically described herein, there can be no assurance that Vista will identify or resolve all such conflicts of interest and, if resolved, that such conflicts will be resolved in a manner that is most favorable to a particular Vista Fund.

### **Other Potential Conflicts**

The Governing Documents of a Fund establish complex arrangements among the Vista Funds, VCP, Investors, and other relevant parties. From time to time, questions may arise regarding certain parties’ rights and obligations in certain situations, some of which may not have been contemplated upon the negotiation and execution of such documents. While VCP will construe the relevant provisions in good faith and in a manner consistent with its fiduciary duty and legal obligations, the interpretations used may not be the most favorable to a Fund or its Investors.

Adviser Personnel 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.

Vista Funds often will engage common legal counsel and other advisers to represent all of the Vista Funds and multiple Vista Funds participating in a particular transaction, including a transaction in which Vista Funds have conflicting interests (e.g., cross transactions and other affiliated transactions) because they are investing in different securities of a single company. In the event of a significant dispute or divergence of interest between Vista Funds, such as in a work-out or other distressed situation, separate representation may become desirable, in which case VCP may hire separate counsel on behalf of the Vista Funds in its sole discretion, and in litigation and other circumstances, separate representation may be required. Law firms engaged to represent Vista Funds, partners in those firms, or entities affiliated with those firms may be Investors in such Fund, or other Vista Funds, and also may represent one or more portfolio companies or Limited Partners of such Fund, other Funds, and/or other Vista Funds.

VCP has caused in the past, and may, from time to time in the future cause, one or more Funds to purchase, and/or bear premiums, fees, costs, and expenses (including any expenses or fees of insurance brokers) for insurance to insure the applicable Funds, the applicable General Partner, VCP, and/or Adviser Personnel, agents, representatives, members of a Fund’s LP 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 VCP that cover one or more Vista Funds and/or VCP (including Adviser Personnel and their respective agents, representatives, members of the LP Advisory Committee, and other indemnified parties). VCP will make judgments about the allocation of premiums, fees, costs, and expenses for such “umbrella” or other insurance policies among one or more Vista Funds, and/or VCP 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 a Fund bearing less (or more) premiums, fees, costs, and expenses for insurance policies.

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

VCP’s affiliates and/or Adviser Personnel may invest in other funds or investment vehicles managed or advised by persons or entities unaffiliated with VCP, and such other funds or vehicles, in turn, may own or invest in portfolio companies, real estate, or other assets. The Funds and/or their respective portfolio companies may enter into transactions with or otherwise do business with such other funds or vehicles, or with such other funds’ or vehicles’ portfolio companies, or otherwise with respect to such other funds’ or vehicles’ assets. Any of these situations subjects VCP and/or its affiliates and Adviser Personnel to potential conflicts of interest.

VCP and/or its affiliates have entered into, and may in the future enter into, certain purchasing arrangements with one or more portfolio companies as well as one or more product and service providers (e.g., software and related products and IT services, office equipment, D&O, cybersecurity and other insurance, employee benefits, meeting and event management services, employee training and recruiting, and other administrative and similar products and services) on behalf of its Funds’ and portfolio companies as well as itself. Certain of these agreements, transactions and arrangements involve fees, servicing payments, rebates, and/or other benefits to VCP or its affiliates.

VCP facilitates and encourages its portfolio companies to enter into agreements regarding group procurement of services and products that offer better vendor pricing which results from the participation by portfolio companies, and in some cases, depend on the volume of products and services purchased under these agreements. Vista and its affiliates also participate in some of these arrangements, and may also realize better pricing, discounts, or rebates. In certain cases, such arrangements will involve the sharing of risk, such as under group insurance arrangements where deductibles are shared or calculated with regard to the group rather than individual insured parties. While VCP’s reduced pricing may incentivize it to maintain such arrangements, VCP

believes that the purchasing portfolio companies benefit as a result of their access to quality products and services at beneficial pricing, and that any potential for conflicts of interest resulting from VCP's benefits from such arrangements are mitigated by the fact that it benefits on a pari passu basis with the other portfolio companies.

In cases where the supplier is itself a portfolio company, VCP believes that such portfolio company and its Investors (including the Fund and any co-investors that own such portfolio company), also benefit from the increased revenue earned by such portfolio company from such arrangement. Under these arrangements, a particular portfolio company may benefit to a greater degree than the other participants, and the Vista Fund(s) that own an interest in the portfolio company will receive a greater relative benefit from the arrangement than other Funds. Fees paid by portfolio companies pursuant to these arrangements are not subject to Management Fee offsets or otherwise shared with Funds.

The Governing Documents of certain Funds permit each such Fund's General Partner to withhold information from certain Limited Partners or Investors in such Fund in certain circumstances. The General Partner may elect to withhold certain information to such Limited Partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such Limited Partners of receiving such information.

Any of these situation subjects VCP and/or its affiliates to potential conflicts of interest. Please see the discussion above under the sub-heading "Resolution of Conflicts" for a description of the means by which VCP and its related persons may seek to alleviate conflicts of interest among the Funds or other persons.

## ITEM 12: BROKERAGE PRACTICES

### **Broker Usage and Selection**

The Credit Funds may utilize broker-dealers to trade in debt instruments on the secondary market and may pay markups or other commission to such firms for their services. Subject to the investment objectives, policies, and restrictions of the Funds as set forth in the Funds' Governing Documents, Vista has the authority to select a broker-dealer and to negotiate commissions and other compensation to be paid in connection with these transactions.

In determining the broker-dealers through which to initiate securities transactions for Funds, it is Vista's policy to obtain quality execution at the most favorable prices. In selecting a broker-dealer, Vista reserves the right to consider various relevant factors, although no one factor is determinative in the decision-making process, they include, but are not limited to, best price; current market conditions; time constraints; liquidity; volatility in the markets; volatility in the particular type of security or asset; size and type of transaction; the nature and character of the market for the security or asset in the transaction; confidentiality; execution efficiency; settlement capabilities; financial condition of the broker-dealer; full range and quality of the broker-dealer's

services; the responsiveness, reputation, reliability, and experience of the broker-dealer; the reasonableness of any commissions or spreads, difficulty of execution, ability and willingness to commit capital to the transaction; past effectiveness in executing illiquid or difficult types of securities or assets or difficult types of orders; and the value of brokerage and research services provided. Accordingly, the transactions will not always be executed at the lowest available price or commission.

In order to monitor best execution, VCP's Best Execution Committee will periodically monitor broker-dealers to assess the quality of execution of brokerage transactions effected on behalf of VCP and each Credit Fund.

### **Soft Dollar Usage**

In addition to the factors considered above, VCP reserves the right to take into consideration the receipt of brokerage and research products and services in connection with brokerage transactions. When appropriate under its discretionary authority and consistent with the duty to seek best execution, VCP reserves the right to direct brokerage transactions for client accounts to broker-dealers who provide VCP with such products and services. The brokerage commissions used to acquire such products and services in these arrangements are known as "soft dollars."

Broker-dealers typically provide a bundle of services, including both research and brokerage (e.g., research ideas, investment strategies, block positioning capabilities, clearance, settlement, and custodial services). The research provided can be either proprietary or third-party. Broker-dealers do not generally charge separate fees for proprietary research and brokerage services. VCP reserves the right to direct brokerage transactions to acquire either type of research and execution services.

Section 28(e) of the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder, provides a "safe harbor," which allows an investment adviser to pay for research and brokerage products and services with commission dollars generated by transactions. In determining whether a service or product qualifies as research or brokerage, VCP evaluates, among other things, whether the service or product provides lawful and appropriate assistance to VCP in carrying out its investment decision-making responsibilities. VCP limits its use of soft dollars to pay for research and execution services that fall within the safe harbor.

VCP uses soft dollars to pay for a portion of "mixed use" items (products or services that include both safe harbor eligible research/brokerage elements and non-safe harbor eligible research/brokerage elements). In such cases, VCP has a conflict of interest in allocating the costs of such services between those that primarily benefit VCP and those that primarily benefit its Funds. In these cases, VCP makes a good faith allocation of the portion of those services used for non-research purposes and pays directly for such portion of those services. Accordingly, the approval for any mixed-use product will also include an approved allocation methodology, as detailed within Vista's soft dollar policy.

VCP benefits from the research and services that it receives because it does not need to pay for or generate the research internally, and this benefit could incentivize VCP to select a counterparty based on its interest in receiving research rather than Investors' interests in receiving the most favorable execution available.

### **Order Aggregation**

When transacting in the same publicly-traded security for two or more Vista Funds, VCP reserves the right to aggregate the orders into a single order ("bunched order") if VCP, in exercising reasonable judgment at the time of the aggregation, believes the bunched trade is reasonably likely to result in an overall economic benefit to each Vista Fund. Such determination is based on an evaluation that the Vista Fund will benefit from relatively better purchase or sale prices, lower commission expenses, or better timing of the transactions, or a combination of these and other factors. In instances where the execution prices are different due to the volume and execution time of the securities transacted, each of the Vista Funds will generally receive the average transaction price.

In the event a bunched order is only partially executed, the executed portion of combined transaction orders for two or more Vista Funds will be allocated, when possible, on a pro rata basis (to the nearest round lot), with each Vista Fund receiving a percentage of the executed portion of the order based upon each Vista Fund's percentage of the original order. This policy will apply to all Vista Funds participating in the execution under the same trading circumstances (price limits, time of entry, etc.). The allocation will be made at the average execution price or at prices mathematically closest to the average price. Every effort will be made to use a single average price in such allocations; the documentation will be maintained by the executing broker. The executing broker will provide an average price for the day for the execution(s) unless the orders are placed separately with a wide discrepancy in price paid/received.

## **ITEM 13: REVIEW OF ACCOUNTS**

### **The Credit Funds**

The investment portfolios of the Funds are generally private, relatively illiquid, and long-term in nature. VCP's review of these Funds is not directed towards a short-term decision to dispose of securities. However, VCP closely monitors the portfolio companies of the Funds and generally maintains an ongoing oversight position in such portfolio companies.

### **Reporting**

VCP provides investment advisory and administration services to the Funds and employs outside administrators to provide administrative and accounting services to the Funds and Investors. Each Investor typically receives a quarterly statement from VCP and annual audited financial statements for such Fund. Outside tax, accounting, and legal professionals are engaged on an as-needed basis to assist with year-end financial and tax reporting and other complex administrative issues.

VCP and the applicable General Partner, if any, will from time to time, in their sole discretion, provide additional information relating to such Fund to one or more Investors in such Fund as they deem appropriate.

## ITEM 14: CLIENT REFERRALS AND OTHER COMPENSATION

For details regarding economic benefits provided to VCP by non-clients, including a description of related material conflicts of interest and how they are addressed, please see Item 11 above. In addition, VCP, and its related persons, in certain instances, receive discounts on products and services provided by portfolio companies of Funds and/or the customers or suppliers of such portfolio companies.

While VCP does not engage in client solicitation arrangements, Vista has in the past entered into agreements to compensate third parties for Investor referrals and expects to enter into similar agreements or arrangements in the future. These arrangements are intended to comply with the applicable rules and regulations of the Advisers Act. Details of how the costs of any such placement agent or referral arrangement are to be borne, either by Vista or the Investor will, if applicable, be set forth in a written agreement with such placement agent and, as required, disclosed to Investors, either through inclusion in the Governing Documents of the relevant Fund or co-investment vehicle, or by separate notice or agreement. Investors should be aware that the receipt of compensation by a placement agent or third-party solicitor creates a potential conflict of interest and may affect the judgment of the placement agent or solicitor when making a recommendation for an investment with Vista. In addition, any third-party compensation arrangement will comply with federal and state laws regulating third-party compensation.

For additional information regarding other compensation, please see Item 5 above.

## ITEM 15: CUSTODY

VCP generally expects that it will be deemed to have “custody” (within the meaning of Advisers Act Rule 206(4)-2 (the “Custody Rule”)) of funds or securities held in the name of one or more Funds, subject to certain expectations set forth in the Custody Rule and related guidance, and intends to maintain such assets with the qualified custodians identified in Form ADV Part 1.

VCP relies on the “pooled investment vehicles” exemption from the reporting and surprise audit obligations imposed by the Custody Rule. Accordingly, the Funds are generally subject to a year-end audit by a major accounting firm that is a member of, and subject to regular inspection by, the Public Company Accounting Oversight Board. The audited financial statements are then provided to the underlying investors of the Funds within 120 days of the end of the fiscal year.

## ITEM 16: INVESTMENT DISCRETION

Investment advice is provided directly to the Funds, subject to the direction and control of the General Partner of each Fund, and not individually to the Investors in the Funds. VCP, subject to the investment policies, objectives, and limitations set out in the Governing Documents of the Funds, has full discretionary authority over the investments made on behalf of the Funds. This discretionary authority includes the ability to select the type, amount, and price of the investments bought and sold on behalf of the Funds, including the selection of, and commissions paid to, broker-dealers, and to investment bankers and other professionals.

As a general policy, VCP does not allow clients to place limitations on this authority. VCP reserves the right, however, subject to the terms of a Fund's Governing Documents, to enter into side letter arrangements with certain Investors in such Fund whereby the terms applicable to such Investors' investment in such Fund are altered or varied, including, in some cases, the right to opt-out of certain investments for legal, tax, regulatory, or other similar reasons. As described in more detail in Item 11, VCP may also provide non-discretionary advice to certain co-investment vehicles.

More detailed information may be found in the Governing Documents for each Fund.

## ITEM 17: VOTING CLIENT SECURITIES

As required by Rule 206(4)-6 under the Advisers Act, Vista has adopted and implemented written policies and procedures for voting proxies with respect to securities owned by the Funds for which Vista exercises voting authority and discretion (the "Proxy Policy"). Generally, Vista will fulfill its obligations by voting in a manner that is in the best interest of the Fund and clients, considering its intention to promote the Funds' or clients' investment objectives, usually to maximize investment returns, following the investment restrictions and policies of the Fund or client.

Generally, Vista will vote in accordance with the Proxy Policy; however, there may be instances when Vista does not vote in accordance with the policy due to the specific circumstances of the investment in question. Similarly, it is Vista's general policy to vote or give consent on all matters presented to security holders in any vote. However, there may be instances when Vista may abstain from voting proxy, such as when, in the judgment of Vista, the costs associated with voting the proxy outweigh the benefits to the relevant Funds or clients and as such, voting would not be in the Funds' or clients' best interest, or if the circumstances otherwise make such an abstention or withholding advisable and in the best interests of the relevant Funds or clients.

Vista is also a signatory of the United Nations' Principles for Responsible Investment ("PRI"), a global network of investors with the aspirational goal to integrate ESG issues that may have a material business impact into their investment analysis and decision-making process and seeks to align its Proxy Policy with the PRI. Accordingly, and as further described in Vista's Responsible Investment and Diversity, Equity, and Inclusion ("DE&I") policies, Vista appreciates the impact of ESG and DE&I factors on overall investment performance and will evaluate ESG proposals



through the lens of the best long-term economic and stakeholder interests of the relevant Fund or client. Funds generally cannot direct Vista's vote.

In most cases, the investment professional covering the particular investment will make the decision as to the appropriate vote for any particular vote. In making such decision, he or she may rely on any of the information and/or research available to him or her.

Vista's CCO (or designee) has the responsibility to monitor votes for any conflicts of interest, regardless of whether they are actual or perceived. All voting decisions will require a mandatory conflicts of interest review by Vista's CCO (or designee) in accordance with Vista's proxy voting policies and procedures, which will include consideration of whether Vista or any investment professional or other person recommending how to vote and/or Vista's affiliates and their clients has an interest in how the vote is voted that may present a conflict of interest.

The ESG and DE&I teams have the responsibility to advise investment professionals evaluating proposals that related to ESG topics vis-à-vis Vista's Responsible Investment Policy and DE&I Policy and Vista's resultant commitments. Proposals that relate to ESG topics will be reviewed by the ESG team, who will, in collaboration with the relevant investment professionals and the DE&I team, as appropriate, seek to balance the intended objectives of a proposal in the context of the expected economic benefit to the relevant Fund or client. Each proposal will be evaluated on its own merits, taking stock of all relevant facts specific to the company.

In addition, all Adviser investment professionals are expected to perform their tasks relating to the voting of votes in accordance with the principles set forth above, according to the best interest of the relevant Funds or clients. Vista's CCO (or designee) will use their best judgment to identify any conflict of interest to the Allocation and Conflicts Oversight Committee, which will ensure that any such conflict is resolved in accordance with its independent assessment of the best interests of the Funds or clients.

Vista believes that its interests are generally aligned with the Funds' and clients' interests through ownership by Vista, or its affiliates, in a Fund. In the event the CCO (or designee) determines there is or may be a material conflict of interest between Vista and one of Vista's Funds or clients in voting proxies, Vista will address such material conflict of interest using one of the following procedures: (i) referring the matter to the appropriate Fund's LP Advisory Committee for guidance; (ii) voting the proxies using established objective policies described in the Proxy Policy; or (iii) referring the proxy vote to the Allocation and Conflicts Oversight Committee to address material conflicts of interest in voting a proxy.

Vista may choose to use the services of one or more proxy advisory firms to assist Vista in fulfilling all or part of its voting obligations. Selection of a proxy advisory firm will be the responsibility of the Allocation and Conflicts Oversight Committee, who will determine whether the proxy advisory firm has the capacity and competency to adequately analyze proxy issues.

Vista generally maintains records for each matter relating to a portfolio security with respect to which a client was entitled to vote.

A copy of Vista's proxy voting policies, its voting record, and reports prepared by the Compliance Committee will be provided upon request by contacting Vista's CCO, Gwen Reinke, by phone at (415) 765-6500 or by email at [Lists-VCPCCompliance@vistaequitypartners.com](mailto:Lists-VCPCCompliance@vistaequitypartners.com).

## ITEM 18: FINANCIAL INFORMATION

VCP has no events requiring disclosure under this Item of the brochure. VCP does not require or solicit prepayment of Management Fees six months or more in advance.