

**Item 1 – Cover Page**

**BHARCAP PARTNERS, LLC  
FORM ADV – PART 2A  
FIRM BROCHURE**

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**November 10, 2023**

**This Brochure provides information about the qualifications and business practices of BharCap Partners, LLC (referred to herein as “BharCap” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact us at (203) 489-7770 or via email at [compliance@bharcap.com](mailto:compliance@bharcap.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.**

**Additional information about BharCap is also available on the SEC’s website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

**REGISTRATION WITH THE SEC AS AN INVESTMENT ADVISER DOES NOT IMPLY THAT BHARCAP OR ANY OF THE PERSONNEL OR EMPLOYEES OF BHARCAP POSSESS A PARTICULAR LEVEL OF SKILL OR TRAINING IN THE INVESTMENT ADVISORY OR ANY OTHER BUSINESS.**

## **Item 2 – Material Changes**

Since the annual update of its Form ADV Part 2A, which BharCap filed on March 23, 2023, BharCap has the following material changes to report:

- Mr. Ethan Wang, Partner and Co-founder of BharCap, acted as Chief Compliance Officer of the Adviser from May 1, 2023 to October 3, 2023.
- Effective October 4, 2023, Mr. Largim Vinca is BharCap's Chief Compliance Officer.

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#### **Item 4 – Advisory Business**

BharCap Partners, LLC (“BharCap” or the “Adviser”), a Delaware limited liability company, was founded in February 2021 by Bharath Srikrishnan (Managing Partner) and five other Founding Partners. BharCap is a wholly owned subsidiary of BharCap Holdings, LLC. BharCap was established to primarily make privately negotiated transactions in operating entities in the financial services industry. The Adviser’s principal office is in Greenwich, CT. BharCap also has a satellite office in Hobe Sound, FL.

The Adviser currently manages a non-discretionary separately managed account (“Fund I”) on behalf of an investor, who also owns a minority interest in the Adviser. The Adviser expects to continue to sponsor and manage a number of private investment funds in the future (“Private Funds”, together with Fund I, “Accounts”) that principally invest in equity, structured equity instruments, debt, and/or other securities of portfolio companies (see Item 10, Other Financial Industry Activities and Affiliations below).

The Adviser’s advisory services for its Accounts consist of: (i) investigating, identifying and evaluating investment opportunities; (ii) structuring, negotiating and making investments; (iii) managing and monitoring the performance of such investments; and (iv) exiting such investments. The Adviser’s advisory services to each Account is subject to the specific investment objectives and restrictions applicable to such Account, as set forth in each Account’s investment management agreement, limited partnership agreement, confidential private placement memorandum and other governing documents (collectively, the “Governing Documents”). Investors and prospective investors in a Private Fund should refer to the Governing Documents for information on the investment objectives and investment restrictions with respect to that Private Fund. Investors in the Private Funds (generally referred to herein as “investors” or “limited partners”) participate in the overall investment program for the applicable Private Fund, but in certain circumstances are excused from a particular investment due to legal, regulatory or other agreed-upon circumstances pursuant to the Governing Documents; for the avoidance of doubt, such arrangements generally do not and will not create an adviser-client relationship between the Adviser and any investor. The Private Funds or its General Partners, as defined herein, expect to enter into side letters or other similar agreements (“Side Letters”) with certain investors that have the effect of establishing rights under or altering or supplementing the terms (including economic or other terms) of the Governing Documents with respect to such investors.

A related person of the Adviser will generally act as the general partner of (or in another equivalent management position for) to Private Funds sponsored by the Adviser (“General Partner”). References to BharCap or the Adviser in this Brochure include, as the context requires, affiliates through which the Adviser provides investment advisory services or that act in any capacity referenced in the previous sentence. References to “person” in this Brochure include, as the context permits, natural persons and entities.

The Adviser is supported by its Strategic Advisory Board (“SAB”). The SAB consists of numerous current or former financial services CEOs or C- level executives that have been engaged by BharCap as official advisers to BharCap and its portfolio companies. As part

of its investment process, the Adviser seeks opportunities where members of the SAB can provide incremental value to a portfolio company by leveraging their experience in founding and growing numerous financial services businesses, their access to networks across the financial services industries, their expertise in investing and M&A execution capabilities and through board representation or otherwise (see Item 10, Other Financial Industry Activities and Affiliations below). The BharCap team has long-standing relationships with members of the SAB, having started the relationships with certain SAB members beginning in 2003. As of March 2023, the SAB had nine members, five of whom are Operating Partners and four are Strategic Advisors. The Operating Partners actively work on identifying investment themes, sourcing new opportunities, and providing guidance on current and prospective portfolio companies alongside the BharCap team. Some of the Strategic Advisors also work on portfolio companies, while others provide strategic advice regarding industry trends or investor relations.

Although the Adviser expects investments to be made predominantly in non-public companies, it may, from time to time, recommend other types of investments (such as publicly traded equity or investments in companies outside of the U.S.) to the extent consistent with the respective Account's investment strategy and objectives and its Governing Documents (as defined below).

The Adviser does not participate in any wrap fee programs.

As of December 31, 2022, BharCap advises and manages \$1,541,177,743 of Account assets on a non-discretionary basis.

## **Item 5 – Fees and Compensation**

**The information provided herein summarizes the detailed information provided in the Account offering and/or organizational documents. Current Account investors or prospective investors in any Account launched by the Adviser should refer to the respective offering documents and be aware of the risks associated with the investment as well as the terms applicable to such investment.**

### *Compensation and Fee Schedules*

The Adviser typically receives an advisory fee from Accounts, which is generally equal to a percentage of the capital commitments. The fee percentage and/or the base upon which the fee is calculated may vary with the size of the Account and may also vary over the life of the Account, as set forth in its Governing Documents. In addition, a related person of the Adviser, as general partner to an Account and pursuant to an agreement with the Account, will typically receive certain allocations and distributions calculated and charged based on a share of capital gains on or capital appreciation of the assets of the Account, as set forth in its Governing Documents. These allocations and distributions are commonly known as "carried interest." Investors in different Accounts may be subject to different management fees and performance-based compensation arrangements, while under certain circumstances other investors may not be subject to any advisory fees and/or performance-based fees.

In limited circumstances, the advisory fees and carried interest payable to the Adviser by an Account may be waived or reduced with respect to certain participants in such Account. Fees are typically waived or reduced with respect to investments in Accounts by the Adviser or its related persons.

Please refer to the Governing Documents for complete information on the fees and compensation payable with respect to each Account. All of the Adviser's accounts are "qualified purchasers" as defined in Section 2(a)(51) of the Investment Company Act of 1940, as amended (the "Company Act"), and therefore the Adviser has not included specific fee information in this Brochure.

It is expected that any future Accounts will have a similar compensation structure.

Investors and prospective investors should note that similar advisory services may (or may not) be available from other investment advisers for similar or lower fees.

#### *Deduction of Fees; Timing of Payments; Termination*

The Adviser will be authorized under Governing Documents of the Accounts to charge and/or deduct advisory fees directly from the assets of each account. Payments of advisory fees are generally made quarterly in advance or as agreed upon in accordance with the terms of the Governing Documents. Please refer to the Governing Documents of the Accounts for complete information on the timing of advisory fee payments.

To the extent management fees are assessed in advance, the amount of such fees to be returned will be calculated based on the number of days remaining in the applicable period.

#### *Other Fees and Expenses*

The Adviser or its affiliate as general partner to Private Funds will generally be reimbursed certain expenses, including but not limited to organizational and startup, including travel, the cost of using or chartering private aircraft or other private air travel at a cost not to exceed the cost of first class commercial airfare, other air travel, car or ride sharing services, other modes of transportation, meals, lodging and entertainment), other meals and entertainment, printing, mailing, courier, legal, capital raising, accounting, regulatory compliance (including expenses associated with the initial and/or preliminary registrations, filings and compliance obligations and other offering requirements contemplated by any non-U.S. regulatory regimes, including the European Union Alternative Investment Fund Managers Directive ("AIFMD")), engagement of a Swiss representative and/or paying agent (appointed pursuant to the Swiss Collective Investment Schemes Act (as amended), including any law, rule or regulation related to the implementation thereof) and any depositary appointed by the General Partner or any of its affiliates and any administrative or other filings incurred (including to the extent incurred by any placement agents, finders or other third-parties performing similar services) in connection with the structuring, formation, organization, negotiating, funding and start-up of the partnership, the general partner, any parallel investment vehicle, any general partner of parallel investment vehicle,

any feeder vehicle, the ultimate general partner and any affiliated management company, including the preparation of, and negotiations with respect to, the private placement memorandum and supplements thereto, presentations, marketing materials, the partnership agreement, subscription agreements, any side letters or similar agreements, agreements with placement agents and any other similar agreements, and out-of-pocket costs and expenses incurred by placement agents, finders or other persons performing similar services in connection with the foregoing.

Where expenses are attributable to more than one Account, the Adviser will seek to allocate such common expenses in a good faith, equitable manner. The facts surrounding each reimbursable item are reviewed separately and where applicable, policies are developed for calculating expense allocations that are based on comparative factors, including, but not limited to, relative capital commitments, percentage ownership in a particular portfolio company. The Adviser has a formal written policy governing the allocation of expenses amongst Accounts when applicable.

The types of other fees and expenses incurred will vary among Accounts. Please refer to the Governing Documents of each Account for more complete information.

The section titled “Brokerage Practices” (Item 12 below) describes the factors the Adviser considers in selecting or recommending broker-dealers and determining the reasonableness of their compensation.

#### *Timing of Payments*

Please refer to the subsection titled “*Deduction of Fees; Timing of Payments; Termination*” described above.

#### *Transaction-Based Compensation*

With respect to an Account, management fees may be reduced by an amount up to 100% of transaction fees attributable to partners not designated as “affiliated partners” by the General Partner as discussed in the Governing Documents. Transaction fees include: (i) directors’ fees, financial consulting fees, monitoring fees or advisory fees paid to the Adviser with respect to any actual or potential investment; (ii) transaction fees paid to the Adviser with respect to any actual or potential investment; and (iii) break-up or topping fees with respect to transactions not completed that are paid to the Adviser, in each case net of certain expenses (including those described below) as set forth in each respective the partnership agreement; but not including, in any event, any amount received by the Adviser, the SAB or any member thereof or other person from a portfolio company as reimbursement for expenses directly related to such portfolio company or a prospective investment, as payment for services provided to any portfolio company or prospective portfolio company in the ordinary course of such portfolio company’s business, as compensation for services provided by the Adviser or other person as an employee of or in a similar capacity for such portfolio company or prospective portfolio company or any of its subsidiaries, or as compensation, including fees, incentive equity or other stock awards,

for services rendered by the SAB or a member thereof to a portfolio company or prospective portfolio company.

Various costs and expenses will reduce transaction fees (and therefore such amounts will not reduce or offset the management fee), including out-of-pocket costs and expenses (including travel expenses) incurred by the general partner in connection with any consummated or unconsummated transaction or in connection with generating any such transaction fees.

Any transaction fees with respect to an investment or potential investment (including a transaction not consummated) may be allocated to the Private Funds (and offset against the management fee) only to the extent of the Private Funds relative ownership of such investment or potential investment on a fully diluted basis. Accordingly, the Private Funds will, in most cases, only benefit from the management fee reduction described above with respect to its allocable portion of any such transaction fee and not the portion allocable to any other person that holds an economic interest in (or, in the case of a transaction not consummated, would have held an economic interest in) the applicable investment.

Certain Governing Documents permit the Adviser to waive or agree to reduce the management fee. Certain waived portions of the management fee are treated by the Governing Documents as a deemed capital contribution by the relevant General Partner, which is effectively invested in the relevant Private Fund on such General Partner's behalf, and operates to reduce the amount of capital such General Partner would otherwise be required to contribute to the Private Fund. The limited partners of the Private Fund would, in such circumstances, be required to make a pro rata contribution according to their respective Commitments to fund any contribution that would otherwise be required of the Adviser in connection with any such waiver or reduction as described above and, as a result, the exercise of such waiver may result in an acceleration (or delay) of investor capital contributions. Waived or reduced management fees are not subject to the management fee offsets described above, and the amount of such waived or reduced management fees has the potential to be significant. Due to waived or reduced management fees by the Adviser and/or timing of receipt of compensation subject to offsets (as described above), it is possible that management fee offsets will not be fully realized by investors in the relevant Private Fund, resulting in a net additional benefit to the Adviser.

Please refer to the subsection titled "*Economic Benefits Received from Third Parties*" in Item 14 below for information on compensation that the Adviser may receive with respect to investments by Private Funds or Accounts.

#### **Item 6 – Performance-Based Fees and Side-by-Side Management**

##### *Performance-Based Fees*

As discussed under the section titled "Fees and Compensation" (Item 5 above), a related person of the Adviser will typically receive a carried interest based on a share of capital gains on or capital appreciation of the assets as set forth in each Account's Governing Documents.



The performance-based carried interest arrangements discussed above comply with Rule 205-3 under the U.S. Investment Advisers Act of 1940, as amended (the “Advisers Act”). Any share of profits allocated and distributed to the Adviser or General Partner is separate and distinct from the advisory fees charged by the Adviser for advisory services.

Performance-based carried interest arrangements may create an incentive for the Adviser to recommend investments that may be riskier or more speculative than those that would be recommended under a different fee or compensation arrangement.

#### *Side-by-Side Management*

The Adviser is expected to provide concurrent advisory services to Accounts that are not charged a performance-based fee or carried interest and Accounts that are charged a performance-based fee or carried interest. The Adviser is permitted to also provide concurrent advisory services to Accounts that are charged different performance-based fees or carried interests or that, based on investment results at a given time, are more likely to generate performance-based fees or carried interest. As a result, the potential for the Adviser’s related persons to receive different fees or carried interests creates a potential conflict of interest with respect to the allocation of investment opportunities because the Adviser may have an incentive to direct the best investment ideas to, or to allocate investments in favor of, the account that pays a more favorable performance fee or carried interest.

To mitigate this potential conflict of interest, the allocation of investment opportunities by the Adviser will be made in accordance with its investment allocation policy, which takes into account multiple criteria, including: (i) differences with respect to available capital (e.g., current or anticipated capital available for investment, including anticipated follow-on investments, if applicable), size, and remaining life of the Account; (ii) the nature of the investment opportunity (including the size and anticipated follow-on investment requirements); (iii) potential conflicts of interest (including whether the Private Funds or the Account has an existing investment in the opportunity in question); (iv) the relevant allocation of investment opportunity provisions and restrictions in the Account or Private Funds Governing Documents; (v) tax, legal or regulatory considerations; and (vi) current and anticipated market conditions. In the event that investment opportunities are suitable for more than one Account, the Adviser and its related persons seek to derive an allocation that in their judgment is fair and equitable, taking into account all relevant facts and circumstances.

### **Item 7 – Types of Clients**

#### *Types of Clients*

BharCap generally provides discretionary and non-discretionary investment advice to Private Funds and separately managed accounts. The Private Funds generally include investment partnerships or other investment entities formed under U.S. or non-U.S. laws and operated as exempt investment pools under the Investment Company Act of 1940, as

amended. The limited partners or investors in the Accounts generally include corporations, financial institutions, governmental bodies or agencies, insurance companies, endowments, foundations, trusts, estates, high net worth individuals, pension and profit-sharing plans and from time to time include, directly or indirectly, principals or other employees of the Adviser and its affiliates and members of their families, SAB members or other service providers retained by the Adviser, as well as executives of portfolio companies.

In connection with the formation and management of a Private Fund, BharCap is permitted to form certain related entities for such Private Funds. BharCap is permitted to establish vehicles to address tax, legal or regulatory issues or requirements of certain investors in the Private Funds or for other purposes. BharCap is also permitted to form “parallel” funds or accounts to invest alongside a Private Funds or Account. In addition, BharCap reserves the right to form “alternative investment vehicles” or special purpose vehicles (collectively, “AIVs”) for the purpose of facilitating certain investments by one or more Private Funds. Please refer to the Governing Documents of the applicable Private Fund for more complete details on parallel funds and AIVs.

#### *Minimum Investment Requirements*

It is expected that interests in Private Funds will be offered in private placements under the U.S. Securities Act of 1933, as amended (the “Securities Act”). As a result, BharCap generally offers limited partner (or equivalent) interests in the Private Funds to a limited number of “accredited investors” as defined in Regulation D under the Securities Act and, in most cases, exclusively to “qualified purchasers” as defined in Section 2(a)(51) of the U.S. Investment Company Act of 1940, as amended.

In general, the minimum investment commitment required of an investor to participate in a Private Fund is \$10 million; however, the general partner of each Fund has discretion to increase or reduce the minimum investment commitment. Investors and prospective investors should refer to the Governing Documents for more complete information on minimum investment requirements for participation in such Private Funds.

#### *Co-Investment*

BharCap anticipates that co-investment opportunities will arise where an investment exceeds the targeted hold for individual portfolio companies where one or more co-investors can bring a strategic advantage to the investment. BharCap will have discretion in allocation of co-investment opportunities, as described below.

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

#### *Investment Strategies*

BharCap focuses primarily on equity or debt investments in privately held financial services companies. BharCap or its related persons expect to seek to establish meaningful ownership positions in portfolio companies on behalf of Accounts and, in most cases,

BharCap actively manages its investments with representation on portfolio company boards of directors.

### *Methods of Analysis*

BharCap seeks to invest in middle-market companies that operate within the financial services sector, are primarily based in or have substantial operations in the United States and represent an attractive opportunity to generate desirable risk-adjusted returns.

Given its financial services sector specialization, BharCap is able to:

- identify emerging trends that are driving sub-sector growth;
- identify, mitigate, and manage risks;
- recruit executive talents;
- work with management teams to prioritize strategic initiatives to drive growth;
- assist portfolio companies operationally; and
- identify strategic buyers.

BharCap seeks to source most of its investments directly rather than through an auction. Through its prior experiences and access to key industry players (including business owners, operating executives, board members, bankers, lawyers, regulators, consultants and accountants), BharCap is able to conduct in-depth research into long-term industry trends. The BharCap investment team focuses on nurturing a relationship with companies and management teams before they seek capital. Given its approach, the BharCap team often has more timeline flexibility to complete due diligence and better access to data and the management team.

As previously described in *Item 4: Advisory Business*, the SAB consists of numerous current or former financial services CEOs or C-level executives that have a formal, part-time working relationship with BharCap. As of March 2023, the SAB had nine members, five of whom are Operating Partners and four are Strategic Advisors. The Operating Partners actively work on sourcing new opportunities as well as on current and prospective portfolio companies alongside the BharCap team. Some of the Strategic Advisors also work on portfolio companies, while others provide strategic advice regarding industry trends, management relations, governance or investor relations.

Once an opportunity has been identified, a deal team will be established and typically will include at least one Partner from the BharCap investment team, who will lead the deal team along with additional investment professionals. The Adviser primarily invests in securities issued by private companies and as a result relies on a robust due diligence process of prospective investments in its analysis. The due diligence process typically includes, but not limited to:

- extensive management meetings;
- development of financial models to analyze and sensitize a broad range of scenarios;
- macro-economic and operational discussions with relevant SAB member;
- evaluation of potential strategic buyers and exit options;
- reference checks; and
- other company and sub-sector specific analysis.

In addition, the Adviser utilizes a network of due diligence professionals and consultants, which includes lawyers, accountants, risk, and other professionals with expertise in financial services.

As part of its investment, BharCap seeks to obtain at least one board of director seat on a portfolio company board. As a board member, the BharCap employee's fiduciary responsibility will be to make decisions that are in the best interest of a portfolio company and for all of its equity owners. There may be a possibility that an action may be in the best interest of a portfolio company but not in the best interest of an Account and vice versa. Under such circumstances, there will be a conflict of interest between such individual's duties as an employee of BharCap and duties as a director of a portfolio company.

*There can be no assurance that BharCap will achieve the investment objectives of an Account and a loss of investment may be possible.*

### **Risks Relating to Investments**

The task of identifying investment opportunities and managing such investments is difficult. There can be no assurance that an Account will be able to make any particular investment or that an Account will be able to generate positive returns. In addition, there can be no assurance that any investor will receive any distribution from an Account. Investing in the Adviser's investment strategies involves a risk of loss that investors should be prepared to bear. Investors should carefully consider, among other factors, the following material risks involved with BharCap's investment strategies.

Please refer to the Governing Documents of each Private Fund for more complete information on the investment strategies and corresponding risks and conflicts of interest associated with such investment strategies.

*Business Risks.* Investments consist primarily of securities issued by privately held companies, and operating results in a specified period will be difficult to predict. Such investments involve a high degree of business and financial risk that can result in substantial losses.

Certain investments may be in securities that become publicly traded (but there can be no assurances that such securities will ever be listed on a securities exchange). Such investments may involve economic, political, interest rate and other risks, any of which could result in an adverse change in the market price. In addition, in some cases an Account may be prohibited by contract or other limitations from selling such securities for a period of time, in which case the Account could be unable to take advantage of favorable market prices.

*Financial Institution Risk; Distress Events.* Accounts are subject to the risk that one of the Accounts' banks, brokers, hedging counterparties, lenders or other custodians of some or all of the Accounts' assets (each, a "Financial Institution") fails to perform its obligations or experiences insolvency, closure, 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 or accounting irregularities. In the event a Financial Institution experiences a Distress Event, BharCap, the Accounts and/or the Private Funds' portfolio companies may not be able to access deposits, borrowing facilities or other services for an extended period of time or ever. 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 ("FDIC"), in the case of banks, or the Securities Investor Protection Corporation ("SIPC"), in the case of certain broker-dealers, amounts in excess of the relevant insurance are subject to risk of loss, and any non-U.S. Financial Institutions that are not subject to similar regimes pose increased risk of loss. Although in recent years governmental intervention has resulted in additional protections for depositors, there can be no assurance that governmental intervention will be successful or avoid the risk 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 BharCap to manage the Accounts and their investments, and on the ability of BharCap, the Accounts or any Private Funds and/or portfolio companies to maintain operations, which in each case could result in significant losses and unconsummated investment acquisitions and dispositions. Such losses have the potential to include an Account to pay fees and expenses in the event the Account is not able 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 investors to make capital contributions or otherwise), as well the inability of a Fund to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments and/or the inability of portfolio companies to make payroll, fulfill obligations and maintain operations. Although BharCap

expects to exercise contractual remedies under the agreements with Financial Institutions in the event of a Distress Event, there can be no assurance that such remedies will be successful or avoid losses or delays.

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

*Investment in Junior Securities.* Investments in the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss.

*Concentration of Investments; Lack of Diversification.* Accounts may participate in a limited number of investments in one industry or one industry segment or within a short period of time. As a result, the investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. Furthermore, to the extent that the capital raised is less than the targeted amount, the Account may invest in fewer portfolio companies and thus be less diversified.

As a result of the foregoing, an investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry, or the timing of investments, may substantially affect aggregate return. In addition to the foregoing, because an Account may only make a limited number of investments and such investments generally will involve a high degree of risk, poor performance by even a single investment could severely affect total returns.

In cases where an Account provides bridge financing to facilitate portfolio company investments, it is possible that all or a portion of a bridge financing will not be recouped within the time period specified in the partnership agreement. As a result, the Account's portfolio could become more concentrated with respect to such investments than initially expected.

*Lack of Sufficient Investment Opportunities.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. The Adviser may encounter competition from other entities having similar investment objectives. Potential competitors include other investment partnerships and corporations, strategic industry acquirers and other financial investors, including hedge funds and other private equity funds, investing directly or through affiliates. Such

competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk, and/or more personnel than BharCap and/or its affiliates.

*Industry Competition.* Investments in portfolio companies or projects in the business services sector is highly competitive with respect to price and quality of services, new product development, advertising levels and promotional initiatives, customer service, reputation, business location and attractiveness and maintenance of properties. If Account preferences change, or certain portfolio companies or projects in which the Account invests are unable to compete successfully with other business services companies in new and existing markets, their respective business could be adversely affected. Increased competition could have an adverse effect on the sales, profitability or development plans, which could harm the financial condition and operating results of portfolio companies or projects in which an Account invests. In addition, labor is a primary operating cost component of most companies in the business services industry. Competition for qualified employees could also require portfolio companies to pay higher wages to attract a sufficient number of employees, which could adversely impact their profit margins.

*Illiquidity; Lack of Current Distributions.* Investments made on behalf of Accounts should be viewed as an illiquid investment. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. An Account ability to dispose of investments may be limited for several reasons. Illiquidity may result from the absence of an established market for the investments, as well as legal, contractual or other restrictions on their resale by the Accounts. Dispositions of investments may be subject to contractual and other limitations on transfer or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms that could be obtained upon any disposition thereof. In addition, the ability to exit an investment through the public markets will depend upon favorable market conditions, including receptiveness to initial or secondary public offerings for the companies in which the Accounts invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market, among other factors. Public offering, merger and acquisition and recapitalization and reorganization opportunities may be limited or non-existent for extended periods of time, whether due to economic, regulatory or other factors. In view of these limitations on liquidity, the Adviser generally will not be able to return capital or realize gains, if any, on an investment in a privately held entity until the partial or complete disposition of such entity. While such an investment may be disposed of at any time, it is generally expected that this will not occur for a number of years after the initial investment. Before such time, there may be no current return on the investment and an Account expenses may exceed its income, thereby requiring that the difference be paid from the Account's capital, including, without limitation, unfunded commitments.

*Leveraged Investments; Borrowing.* The Adviser reserves the right to make use of leverage by incurring or having a portfolio company incur debt to finance a portion of its investment in such portfolio company, including in respect of companies not rated by credit agencies. Leverage generally magnifies both the Account's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss may be substantial. The cost and availability of leverage is highly dependent on the state of the broader credit

markets, which may be impacted by regulatory restrictions and guidelines, and which are difficult to accurately forecast, and at times it may be difficult to obtain or maintain the desired degree of leverage. The availability of leverage also is subject to governmental and regulatory oversight, and certain governmental bodies (including the U.S. Federal Reserve System (the “Federal Reserve”), the U.S. Office of the Comptroller of the Currency and the U.S. Federal Deposit Insurance Corporation) may restrict or otherwise discourage lending that results in companies carrying large amounts of debt. The use of leverage may impose restrictive financial and operating covenants on a portfolio company, in addition to the burden of debt service, and may impair its ability to operate its business as desired and/or finance future operations and capital needs. The leveraged capital structure of portfolio companies will increase the exposure of investments to any deterioration in a portfolio company’s condition or industry, competitive pressures, an adverse economic environment or rising interest rates and could accelerate and magnify declines in the value of investments in the leveraged portfolio companies in a down market. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the Account would be expected to suffer a partial or total loss of capital invested in the portfolio company, which in turn would be expected to adversely affect the returns of the Account. Additionally, lenders would typically have a claim that has priority over any claim by the Account to the assets of such portfolio company in an insolvency event or proceeding.

*Uncertainty of Projections.* The Adviser will rely on, in part, financial projections prepared by each portfolio company’s management. In all cases, projections are only estimates of future results that are based upon assumptions made at the time the projections are developed. There can be no assurance that the results set forth in the projections will be attained, and actual results may be significantly different from the projections. Also, the inaccuracy of certain assumptions, general economic conditions and other factors, which are not predictable, can have a material impact on the reliability of projections.

*Risks in Effecting Operating Improvements.* The success of an Account’s investment strategy is likely to depend, in part, on the ability to effect improvements in the operations of a portfolio company. The activity of identifying and implementing operating improvements at portfolio companies entails a high degree of uncertainty. In addition, executing operational improvements may divert the attention of key portfolio company personnel and disrupt normal business. There can be no assurance that the Adviser will be able to successfully identify and implement such improvements or that any such successfully implemented improvements will result in a return on invested capital with respect to such portfolio company.

*Risks Relating to Due Diligence of and Conduct at Portfolio Companies, Expedited Transactions.* Before making investments, the Adviser will typically conduct due diligence as it deems reasonable and appropriate based on the known facts and circumstances applicable to each investment. Due diligence often entails evaluation of important and complex business, financial, tax, accounting, technical, environmental, regulatory and legal issues. Outside consultants, legal advisors, accountants, investment banks and other third parties are expected to be involved in the due diligence process to varying degrees depending on the type of investment. Such involvement of third-party advisors or



consultants may present a number of risks primarily relating to the Adviser's reduced control of the functions that are outsourced.

*Hedging Arrangements; Related Regulations.* The Adviser or its related persons are authorized to manage an Account's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. This activity incurs costs related to such hedging arrangements, which may be undertaken in exchange-traded or over-the-counter ("OTC") contexts, including futures, forwards, swaps, options and other instruments. There can be no assurance that adequate hedging arrangements will be available on an economically viable basis or that such hedging arrangements will achieve the desired effect, and in some cases hedging arrangements may result in losses greater than if hedging had not been used. In some cases, particularly in OTC contexts, hedging arrangements will subject to the risk of a counterparty's inability or refusal to perform under a hedging contract, or the potential loss of assets held by a counterparty, custodian or intermediary in connection with such hedging. OTC contracts may expose an Account to additional liquidity risks if such contracts cannot be adequately settled.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, terrorist activity and/or military conflicts, localized or global financial crises 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 portfolio companies to execute their respective strategies and to receive an attractive multiple of earnings on the disposition of businesses. This may slow the rate of future investments and result in longer holding periods for investments held by an Account. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon portfolio companies.

*Economic and Market Conditions.* The state of the private equity industry, generally, and the success of an Account's investment activities, specifically, will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls and U.S. and global political and socioeconomic circumstances. Conditions such as financial market volatility, illiquidity and/or decline, a generally unstable economic environment (including as a result of a slowdown in economic growth and/or changes in interest rates or foreign exchange rates) and/or a deterioration in the capital markets may negatively impact the availability of attractive investment opportunities, the availability of funding to support investment objectives, the performance and/or valuation of investments, and/or the ability to dispose of investments. In addition, the public market comparable earnings multiples that are frequently used to value privately held portfolio companies and investors' risk-free rate of return may be impacted. In such an environment, an Account may be more likely to pay reverse break-up, termination or other fees and expenses in the event a transaction is unable to close (whether due to lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability to dispose of investments

at prices that reflect the fair value of such investments. Such conditions could result in substantial or total losses to an Account in respect of certain investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure.

*Public Health Emergencies.* Pandemics and other widespread public health emergencies, including outbreaks of infectious diseases such as SARS COVID 19, H1N1/09 flu, avian flu, and ebola, have resulted in market volatility and disruption. Any future such emergencies have the potential to materially and adversely impact economic production and activity in ways that are impossible to predict, all of which may result in significant losses to an Account. The ultimate impact of COVID-19 on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, although ongoing and potential additional materially adverse effects, including a further global or regional economic downturn (including a recession) of indeterminate duration and severity, are possible.

*Terrorist Activities.* Terrorist activities, anti-terrorist efforts, armed conflicts involving the U.S. or its interests abroad and natural disasters may adversely affect the U.S., its financial markets and global economies and could prevent an Account from meeting its investment objectives and other obligations. The potential for future terrorist attacks, the national and international response to terrorist attacks, acts of war or hostility and natural disasters have created many economic and political uncertainties in the past and may do so in the future, which may adversely affect the U.S. and world financial markets for the short or long-term in ways that cannot presently be predicted.

*Force Majeure Risk.* Certain force majeure events (i.e., 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 BharCap, its affiliates, portfolio companies, 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 result in a permanent loss of customers, 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 an Account and portfolio investments.

*Deterioration of Credit Markets May Affect Ability to Finance and Consummate Investments.* In the event that the global credit markets deteriorate, and it becomes more difficult for investment funds to obtain favorable financing for investments, the ability to generate attractive investment returns may be adversely affected. Moreover, to the extent that such marketplace events are not temporary and continue, they may have an adverse impact on the availability of credit to businesses generally and could lead to an overall weakening of the U.S. and global economies. Such marketplace events also may restrict the ability of an Account to realize its investments at favorable times or for favorable prices.

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

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

Even those portfolio companies that nominally are U.S. portfolio companies by virtue of their jurisdiction of organization or management headquarters may be exposed to significant non-U.S. risks due to the increasingly international nature of many technology companies, which may, for example: (i) rely upon international location or outsourcing of research, development, manufacturing or other operations; (ii) seek alliances with non-U.S. partners; or (iii) seek non-U.S. customers.

Any adverse change to the political, economic, military or social environments in the host countries of a funds or account's portfolio companies could have a significant adverse effect upon the operations or financial performance of an Account.

*Non-controlling Investments.* Accounts may hold meaningful minority stakes in privately or publicly held companies and in some cases may have limited minority protection rights in connection with such minority holdings. In addition, during the process of exiting investments, Accounts at times may hold minority equity stakes of any size such as might occur if portfolio companies are taken public. As is the case with minority holdings in general, such minority stakes will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes.

To the extent Accounts invests alongside third parties, such as institutional co-investors or private equity funds of other sponsors, or makes a minority investment, the relevant portfolio companies may be controlled or influenced by persons who have economic or business interests, investment or operational goals, tax strategies or other considerations that differ from or are inconsistent with those of the Account.

*Conflict in Ukraine.* Russia launched a large-scale invasion of Ukraine on February 24, 2022 and, in response, the United States and other governments have imposed economic

sanctions on certain Russian individuals, including Russian government officials and other government-linked individuals, and Russian corporate entities and financial institutions, banned certain Russian financial institutions from global payments systems that facilitate cross-border payments and have taken other economic and political measures. It is possible that such governments could institute broader sanctions or impose other economic and political measures on Russia, which could result in the immediate freeze of Russian securities and/or funds invested in prohibited assets and/or other consequences. The extent and duration of the military action, the possibility of the conflict expanding beyond Ukraine and Russia, and resulting sanctions and other economic and political measures and future market disruptions in the region and worldwide are impossible to predict, but could be significant and have a severe adverse effect on the region and collateral effects globally, including significant negative impacts on the global economy and the markets for certain securities and commodities, such as oil and natural gas, as well as other sectors. Such effects and impacts could have a material adverse effect on Accounts and their investments.

*Cybersecurity Breaches and Identity Theft.* BharCap, 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 Accounts, despite the efforts of the Adviser and the service providers 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 a Fund and its investors. For example, unauthorized third parties may attempt to improperly access, modify, disrupt the operations of, or prevent access to these systems of the Adviser, service providers, counterparties or data within these systems. Third parties may also attempt to fraudulently induce employees, customers, third-party service providers or other users of BharCap's systems to disclose sensitive information in order to gain access to the Adviser's data or that an Account managed by the Adviser. A successful penetration or circumvention of the security of the Adviser's systems 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 Adviser, the Accounts managed by the Adviser, or their service providers to incur regulatory penalties, reputational damage, additional compliance costs or financial loss.

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

*Privacy and Data Protection Law Compliance Risk.* The adoption, interpretation and application of consumer protection, data protection and/or privacy laws and regulations in the United States, Europe and other jurisdictions (collectively, "Privacy Laws") 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 the Adviser, the General Partners, the Accounts and/or their portfolio companies, and increase compliance costs and require the dedication of additional time and resources to compliance for such entities. A failure to comply with such Privacy

Laws by any such entity or their service providers could result in fines, sanctions or other penalties, which could materially and adversely affect the results of operations and overall business, as well as have a negative impact on reputation and Account performance. As Privacy Laws are implemented, interpreted and applied, compliance costs for the Adviser, the General Partners, the Accounts 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.

For example, California has passed the California Consumer Privacy Act of 2018, as amended, and the EU has enacted the General Data Protection Regulation (EU 2016/679), each of which broadly impacts businesses that handle various types of personal data, potentially including private fund managers and their funds and investments. Such laws impose stringent legal and operational obligations on regulated businesses, as well as the potential for significant penalties.

Other jurisdictions, including other U.S. states, have proposed or are considering similar Privacy Laws, which if enacted could impose similarly 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 the Adviser, the General Partners, the Accounts and/or their portfolio companies.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the investments owned by Accounts. When estimating fair market value, the Adviser will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing investments for which reliable market quotations are not available is based on inherent uncertainties and the resulting values may differ from values that would have been determined had an active market existed for such investments and may differ from the prices at which such investments ultimately may be sold. The Adviser's discretion in respect of such valuations is expected to give rise to potential conflicts of interest, including in connection with determining the amount and timing of distributions of carried interest and the calculation of the management fee.

*Limited Access to Information.* Limited partners' rights to information regarding an Account, the relevant General Partner or the Adviser 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 an Account'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 the Adviser's control. Decisions by the Adviser 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 an Account 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 the Adviser and its performance. Additionally, it is anticipated that limited partners that designate representatives to participate on an Account's advisory board generally may, by virtue of such participation, have more or earlier information about an Account 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 Account succeeds in asserting confidentiality for requested documents and other materials, and the Adviser reserves the right to withhold certain information from investors subject to such laws for reasons relating to the Adviser's public reputation, business strategy or other reasons.

*Material, Non-Public Information.* From time to time, the Adviser, its affiliates and its personnel are expected to come into possession of confidential or material, non-public information concerning specific companies ("MNPI"). As a consequence of the Adviser's inability to use MNPI for investment purposes under applicable securities laws and/or the Adviser's internal policies, an Account may be restricted from buying or selling an investment which, if MNPI had not been known, otherwise may have been undertaken. To minimize the impact of such restrictions, the Adviser may elect not to receive MNPI in certain situations in which such an election is available. However, due to these restrictions, there can be no assurance that an Account will be able to liquidate or exit an opportunity in the same manner or on the same timing as would be the case if such restrictions did not apply.

## **Conflicts of Interest**

*Time and Attention of the Principals.* The Adviser and its related entities engage in a broad range of advisory and non-advisory activities, including investment activities for their own account and for the account of other Accounts, and providing transaction-related, legal, management and other services to Funds and portfolio companies. The Adviser will devote such time, personnel and internal resources as are necessary to conduct the business affairs of the Accounts in an appropriate manner, as required by the Governing Documents, although the Accounts and their respective investments will place varying levels of demand on these over time. In the ordinary course of the Adviser conducting its activities, the interests of an Account likely will conflict with the interests of the Adviser, one or more other Accounts, portfolio companies or their respective affiliates in certain circumstances. Certain of these conflicts of interest are discussed herein. As a general matter, the Adviser will determine all matters relating to structuring transactions and Account operations using its reasonable judgment considering all factors it deems relevant, but in its sole discretion, subject in certain cases to the required approvals by the advisory committees of the participating Accounts.

Conflicts of interest may arise in allocating management time, services or functions among Accounts, on the one hand, and any other present and future business activities and advisory relationships, on the other hand. Also, in connection with prior investments made on behalf of an existing Account, the Adviser and/or their portfolio companies may enter into confidentiality, exclusivity, non-competition or similar agreements that may limit the ability of other Accounts to pursue an investment in one or more companies.

*Other BharCap Funds and Products; Allocation of Investment Opportunities.* The Adviser or one of its affiliates currently sponsors and manages Fund I and expects to continue to sponsor and manage a number of Accounts in the future. Over time, certain investment opportunities suitable for an Account are likely also to be suitable for another Account. The existing Fund I targets investments in debt and equity securities. However, the Adviser may in the future determine to sponsor or manage one or more Accounts that principally invest in the debt instruments and/or other securities of portfolio companies. The Adviser is permitted to sponsor or manage one or more Accounts, including a Private Fund, which will principally invest in equity instruments and/or other securities of portfolio companies (such funds, the “Equity Funds”). In the future, the Adviser may expand its investment management services beyond Fund I and the Equity Funds, if any, potentially including through some or all of the following: other single investor funds, managed accounts, overage funds, funds with different operational strategies, target investment sizes, target investment securities (including debt instruments), geographic focuses or expected hold periods, special purpose acquisition companies and/or other specialized investment vehicles (collectively, “Other Products”). In some cases, these Other Products are expected to have overlapping investment strategies with one or more Accounts. No Other Products have been established as of the date hereof.

As a result of the activities of other Accounts (including any Other Products) and the other matters described herein, there can be no assurance that all investment opportunities identified by the Adviser and its affiliates will be made available to an Account. With respect to each investment opportunity that is suitable for and fits the principal investment objectives of the Account and any Other Product, the Adviser reserves the right to determine such allocation in its sole discretion (subject to the applicable governing documents of such Account and Other Product and Adviser’s related practices and procedures, including an allocation of such opportunity to either or both of the Accounts and such Other Product in a manner that the Adviser determines to be fair and reasonable).

The Adviser is committed to allocating investment opportunities among the Accounts and any Other Product in accordance with its investment allocation policy in a manner that it believes is fair and equitable under the circumstances and consistent with the respective fiduciary obligations of the Adviser, its Principals, partners, employees and their respective affiliates and the Governing Documents of the relevant Accounts. Until such time as the General Partner is permitted under the Governing Documents to commence the operation of a successor investment fund to a Private Fund, and subject to Adviser’s discretion to allocate certain opportunities to Fund I, the Adviser generally expects to present appropriate investment opportunities that meet the objectives, strategy, investment criteria and scope of a Private Fund for the benefit of the Private Fund, subject to certain exceptions set forth in the Governing Documents. However, certain investment opportunities suitable for a Private Fund are also expected to be suitable for Other Funds or Other Products. The Adviser will provide prospective investors a copy of the Adviser’s investment allocation policy upon request.

Depending on the objectives, strategy, investment criteria and scope of an Account and Other Products, certain Account or Other Products are permitted to invest side-by-side with

an Account to the extent capital is available, such investment is permitted by the Governing Documents of such Account(s) and Other Product. In determining which Account or Other Products should participate in investment opportunities, subject to the applicable governing documents of the relevant Account or Other Products, the Adviser, its Principals, partners, employees and their respective affiliates (including the General Partner) will need to manage potential conflicts of interest in respect of the Limited Partners and the investors in an Account and Other Products. The Adviser will determine the allocation of investment opportunities among an Account and the relevant Other Funds in such manner as the General Partner and the relevant Other Fund GPs, in their sole discretion, determine to be fair and equitable, consistent with the Governing Documents of such Account and the allocation criteria presented above. To determine whether and to what extent an Account will participate in an investment opportunity, the Adviser generally assesses whether an investment opportunity is appropriate for each relevant Account and may also consider certain factors, including, but not limited to, the amount of available capital of the applicable Account, anticipated future capital requirements of an investment opportunity and/or the existing portfolio companies of the applicable Account, expected time to obtain liquidity, conflicts considerations, limitations on the pace of capital deployment or other limitations in the governing documents of the applicable Account, investment guidelines, diversification limitations, investment strategies and objectives, legal, tax and regulatory considerations, and any other factors deemed relevant by the Adviser and its affiliates. As a result of the foregoing policies, a Private Fund is permitted to invest in opportunities that another Private Fund has declined. A Private Fund also is permitted to decline to invest in opportunities in which another Private Fund has invested or will invest.

The Adviser's allocation of investment opportunities among Accounts are not always, and often will not, be proportional based on available capital commitments. Therefore, such allocations may be more advantageous to an Account relative to some or all of the other Accounts, or vice versa. While the Adviser will allocate investment opportunities in a way that it believes is fair and equitable to the applicable Account, there can be no assurance that an Account's actual allocation of an investment opportunity, if any, or the terms on which such allocation is made, will be as favorable as they would be if the conflicts of interest to which the Adviser may be subject did not exist.

*Transactions Among BharCap Accounts.* Potential conflicts of interest are expected to arise if Accounts make an investment in a portfolio company in conjunction with an investment made by one or more other Accounts or other products. For instance, Accounts may not invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies. Under those circumstances, this would be expected to result in differences in price, investment terms, leverage and associated costs between Accounts. Where multiple Accounts invest in the same company at different times, the first Account to invest typically will bear all or a higher level of fees, costs and expenses (including diligence and transaction amounts) than later Account(s); similarly, to the extent a transaction does not proceed, the first Account to invest typically will bear the full amount of costs and expenses relating to the unconsummated transaction, regardless of whether other Accounts could or would have invested in the company in potential future transactions. There can be no assurance that all Accounts will exit the investment at the



same time or on the same terms, and there can be no assurance that an Account's return on such an investment will be the same as the returns achieved by other Accounts participating in the transactions.

*Affiliate Transactions Involving Credit Funds; Investing in Different Levels of the Capital Structure.* As discussed above, the Adviser provides investment advisory services to Fund I and will in the future manage other Accounts. Other Accounts, at times, will hold interests in portfolio companies that are of a different class or type than the class or type of interests expected to be held by Fund I. For example, other Accounts may hold equity securities while Fund I may hold debt instruments of the same portfolio company. To the extent that an Account invests in a debt instrument of a portfolio company in which another Accounts holds equity securities, the Adviser and its affiliates expect to be subject to conflicts of interest (potentially including conflicting fiduciary duties) in determining the terms of such debt instrument and in managing investments in such portfolio company on a going-forward basis. Conflicts also will potentially arise in negotiating the price of the debt securities or other instruments, the characterization of such debt securities or other instruments, the terms of inter-creditor agreements, the interest rate or stated dividend yield of such debt securities or other instruments, the nature of the covenants running in favor of lenders and the other terms and conditions of the investment or in addressing subsequent amendments or waivers.

*Co-Investments.* The Adviser or its related persons expect to make decisions regarding whether and to whom to offer co-investment opportunities in consultation with other participants in the relevant transactions, such as a lender or co-sponsor. Co-investment opportunities typically will be offered to some and not to other Private Fund investors, and the consideration of the factors set forth above likely will result in certain investors receiving multiple opportunities to co-invest while others expressing interest in co-investments have the potential to receive none. Allowing any co-investment generally reduces the amount of the relevant investment opportunity that theoretically could have been taken by the relevant Private Fund, and because co-invest opportunities generally appeal to Private Fund investors and third parties, the Adviser expects to be subject to potential conflicts of interest in determining the amount of investment opportunity that should be allocated to the relevant Private Fund. When and to the extent that employees and related persons of the Adviser and its affiliates make capital investments in or alongside certain Private Funds, the Adviser and its affiliates are subject to potentially conflicting interests in connection with these investments. There can be no assurance that any Private Fund's return from a transaction would be equal to and not less than another Private 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 Adviser's allocation of investment opportunities among the persons and in the manner discussed herein often will not result in proportional allocations among such persons, and such allocations likely will be more or less advantageous to some such persons relative to others. While the Adviser will allocate investment opportunities in a manner that it believes is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Private 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 potential conflicts of interest to which the Adviser expects to be subject, discussed herein, did not exist.

*Products or Services Received by BharCap From Portfolio Companies.* From time to time, certain portfolio companies of Accounts are expected to provide BharCap and its affiliates with products or services that such portfolio companies regularly produce or provide as part of their business operations at reduced rates or without charge.

*Cross-Transactions.* The Adviser reserves the right to arrange for a transaction in which (i) an Account buys a security from, or sells a security to, the Account of one or more other Accounts, (ii) parallel Private Funds or Accounts buy or sell a security from the account of one another in connection with a re-balancing, as provided for in their governing documents (each, a “cross-transaction”), or (iii) a portfolio company merges with, buys a security from, or sells a security to, a portfolio company held in Account. In doing so, the Adviser reserves the right to (a) use an unaffiliated broker-dealer or custodian to execute such cross-transaction and pay such broker-dealer or custodian in connection therewith, or (b) execute such cross-transaction directly without the use of a broker-dealer or custodian, in which case the Adviser will not receive compensation to effect such transaction. Any compensation expenses or other transaction costs associated with a cross-transaction are expected to be allocated among Accounts participating in such cross-transaction pro rata based upon the expenses that relate to each, unless the Adviser determines that a different allocation would be more fair or equitable. When effecting cross-transactions, the Adviser expects to have conflicting responsibilities with respect to each participating Account. In certain circumstances, a cross-transaction may be considered to be a “principal transaction” (i.e., a transaction in which the Adviser or related person acts as principal for its own account and knowingly transacts with an Account) under Advisers Act. To the extent that a cross-transaction is viewed as a principal transaction, the Adviser will conduct such cross-transaction in accordance with the provisions of Section 206(3) of the Investment Adviser Act.

Although the Adviser generally structures Private Funds to avoid cross-guarantees and other circumstances in which one Private Fund ultimately bears liability for all or part of the obligations of another Private Fund, in certain circumstances lenders and other market parties negotiate for the right to face only select Private Fund entities, which may result in a single Private Fund being solely liable for other Private Funds’ share of the relevant obligation and/or joint and several liability among Private Funds. In such case, the Adviser intends to cause the relevant other Private Funds to enter into a back-to-back guarantee, indemnification or similar reimbursement arrangement, although the Private Fund undertaking the obligation in the first instance generally will not receive compensation for being primarily liable under these arrangements.

*Allocation of Expenses.* The Adviser and its affiliates expect from time to time to incur fees, costs and expenses, including in connection with transactions not consummated, on behalf of Accounts. To the extent practicable, any fees, costs and expenses that are incurred in connection with a consummated investment will be charged to the applicable portfolio company. To the extent such fees, costs and expenses are incurred for the benefit of Accounts, an allocable portion of any such fees, costs, and expenses in proportion to the

size of the investment made or proposed to be made by each in respect of the entity to which the expense relates or in such other manner as the Adviser considers fair and equitable.

In addition, as described above, portfolio companies typically pay certain fees to, and reimburse expenses of, SAB members and other consultants (including consultants introduced or arranged by the Adviser and/or its affiliates that regularly provide services to one or more portfolio companies), and such amounts do not offset or reduce the management fee as described herein. SAB members generally make use of Adviser resources or otherwise are associated with the Adviser. The Adviser and/or its affiliates reserve the right to agree to compensate certain of such persons to the extent portfolio company-related compensation falls below certain specified levels on an aggregate annualized basis, or provide other compensation. SAB members are expected from time to time to include former employees of the Adviser or certain portfolio companies, and in some circumstances former SAB members are expected to become Adviser employees or employees of portfolio companies. Consequently, the determination of whether individuals are SAB members is expected to vary and/or be revisited from time to time, which poses potential conflicts of interest where certain changes in status or categorization would reduce costs that the Adviser otherwise would be required to bear. SAB members generally receive investment opportunities, reimbursements and other compensation that do not offset or reduce the management fee of any Account, as described herein. To the extent that SAB members are paid retainers or guaranteed minimum compensation amounts, there is the possibility that certain portfolio companies or Accounts will bear a greater share of such compensation due to the utilization of the SAB member's services at a time when fewer portfolio companies or Funds make use of such SAB member. Although the use of SAB members and the allocation of compensation paid to them by the Adviser, its affiliates and/or the portfolio companies subjects the Adviser and/or its affiliates to potential conflicts of interest, the Adviser believes that such potential conflicts have the potential be reduced by the anticipated cost savings to portfolio companies (which is expected to be to the benefit of the applicable Fund(s)) that will result if the cost of the SAB members is lower than market rates for the services provided and/or if the services of the SAB members align with the Adviser's model for the portfolio company and improve portfolio company performance. Although the Adviser seeks to retain SAB members with a view to reducing costs to portfolio companies (and, ultimately, the Funds) and/or improving portfolio company performance, a number of factors may result in limited or no cost savings from such retention. The Adviser also seeks to reduce potential conflicts of interest resulting from such arrangements by structuring compensation packages for such persons in a manner that the Adviser believes will align such persons' interests with those of the Funds' limited partners, and seeks to retain only SAB members and service providers which it believes provide a level of service at a value generally consistent with other relevant market alternatives. 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.

*Industry Relationships.* Employees of the Adviser have developed many relationships with third parties which have the potential to raise conflicts of interest. Such third parties include investment bankers, lenders, consultants, professional advisors (such as attorneys and accountants), co-investors, current and former directors, officers and employees of current

and former portfolio companies and former employees and members of the Adviser. Certain of these third parties are expected to: (i) introduce investment opportunities to the Adviser; (ii) arrange for, or facilitate the financing of, the purchase or recapitalization of current and potential portfolio companies; (iii) introduce portfolio companies to potential acquisition or merger candidates; (iv) facilitate the disposition of portfolio companies; or (v) provide investment banking, consulting, legal or advisory services to the Adviser, an Account or portfolio companies. Such third parties may invest in one or more Private Funds; co-invest in one or more portfolio companies; or provide other significant business or investment services to BharCap, Accounts and/or their portfolio companies. These relationships have the potential to influence BharCap in deciding whether to select or recommend any such third-party to perform services for an Account or a portfolio company. The cost of any services provided by such third parties will generally be borne directly or indirectly by the Account or its portfolio companies, as applicable.

*Side Letters.* The Adviser and/or its affiliates reserve the right to enter into Side Letters with certain investors in a Fund providing such investors with different or preferential rights or terms, including, but not limited to, different fee structures or arrangements (including discounted or rebated compensation terms, modified waterfall mechanics and/or receipt of a portion of the Adviser's compensation), information rights, specialized reporting, priority co-investment rights or targeted co-investment amounts, rights to serve on the Fund's advisory committee, liquidity or transfer rights, confidentiality protections and disclosure rights, modification of default remedies, as well as economic procedural and other terms.

The Adviser 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 Private Fund or the timing thereof, the ability of a limited partner to provide sourcing or other services to the Adviser, its affiliates and personnel or the Private Funds, or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the Adviser, its affiliates and personnel, or the Private Funds. Further, Side Letters may also relate to strategic relationships under which an investor agrees to make Commitments to multiple Private 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 Private Fund, the Adviser, 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 the Adviser to potential conflicts of interest, including in circumstances where an investor's right to serve on the relevant Private Fund's advisory committee results in the investor receiving additional information relative to other investors. To the extent an investor is subject to statutory or other limitations on indemnification, or otherwise negotiates rights relating thereto, other investors may be subject to increased losses, or be required to bear an increased portion of indemnification amounts. 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, 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. Although the Adviser believes it to be unlikely, excuse 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 Private Fund have the potential to create significant variations in limited partner investment returns, or to influence or affect the investment strategy and pursuit of investment opportunities by the General Partner on behalf of the relevant Private 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 Private 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 Private Fund.

Any of these situations subjects the Adviser and/or its affiliates to potential conflicts of interest. The Adviser attempts to resolve such conflicts of interest in light of its obligations to investors in its Private Funds and the obligations owed by the Adviser's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Private Fund, other Private Funds and such investment vehicles in a manner it believes to be fair and equitable to the Private Funds under the circumstances over time. To the extent that an investment or relationship raises particular conflicts of interest, the Adviser will review the circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, the Adviser consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Private Fund(s) and such other investment vehicles.

#### **Item 9 – Disciplinary Information**

Neither the Adviser nor its management persons have not been the subject of any material legal or disciplinary proceeding required to be disclosed in response to this item.

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

##### *Registered Broker-Dealers*

Neither the Adviser nor any of its management persons are registered, or have an application pending to register, as a broker-dealer or a registered representative of a broker-dealer.

##### *Registered Futures Commission Merchants, Commodity Pool Operators and Commodity Trading Advisors*

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

### *Relationships with Related Persons*

The Adviser and its related persons engage in a broad range of activities, including investment activities for their own accounts. As a result, the interests of an Account may conflict with the interests of the Adviser or its related persons. Certain of these conflicts of interest are described below (although the discussion below does not necessarily describe all of the conflicts that may potentially be faced by an Account). Please also refer to the subsection titled “*Participation or Interest in Client Transactions; Personal Trading*” in Item 11 below and the Governing Documents of each Account for more information, including with respect to transactions that may be subject to specific consent requirements.

As described above, the Adviser and its related persons will manage more than one Account. This can create potential conflicts in the allocation of time, resources and investment opportunities among Accounts. Please refer to the Governing Documents of the relevant Account for more complete information on the requisite time commitments (if any) of BharCap and its related persons to the fund or accounts and the allocation of investment opportunities among them. Please also refer to the description of the Adviser’s investment allocation policy described in the subsection “*Side-by-Side Management*” in Item 6 above.

Certain Accounts may hold or may acquire positions in portfolio companies in which other Accounts invest or have invested. Such investments may be coincident with or precede one another. Follow-on investments in companies in which an Accounts has invested will typically be considered first for each Account on a pro rata basis based on existing ownership in such companies but depending on various factors (including available capital and limitations in each fund or account’s Governing Documents), follow-on investments may not always be made on such pro rata basis. Where investments by multiple Accounts in the same company are made at different times or in different proportions, conflicts of interest with regard to valuation, exit timing and other matters can arise. In addition, conflicts may arise in the event that an Account has invested in securities of the same company with different rights. The Adviser will use its good faith judgment in addressing any such conflicts.

Employees of the Adviser and its affiliates may serve as officers, advisors, directors or in comparable management functions for portfolio companies in which a fund or invest, or provide other services to portfolio companies, and may receive compensation in connection therewith. Serving in such capacity 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 a fund or account. Additionally, investments by an Account may cause the Adviser and its related persons to become subject to legal or contractual restrictions on their ability to effect transactions., for example due to the receipt of non-public information or due to the existence of a control relationship between the Adviser and a portfolio company. In addition, it is possible that in a bankruptcy proceeding an Account’s interest in a portfolio company may be adversely affected by another Account’s involvement and such other Account’s actions relating to its investment.

From time to time, a portfolio company of an Account may engage in commercial transactions or other transactions (such as a merger or acquisition) with a portfolio company of a different Account. Depending on the nature of the transaction, a transaction between portfolio companies of an Account can create potential conflicts of interest. The Advisor anticipates that material transactions between portfolio companies would generally be on arms'-length terms or on other terms considered equitable to both companies under the circumstances.

The Adviser will determine all matters relating to structuring transactions, including the amount and terms of securities, allocation of securities among the relevant Account and amounts potentially available for co-investment opportunities, using its best judgment considering all factors it deems relevant and subject to any specific consent or other requirements under the Governing Documents or "side letters" for the relevant fund or account.

#### *Fund I Relationship*

Fund I, a non-discretionary separately managed account, also acquired a minority interest in the Adviser and is expected to also invest other Private Funds ("Minority Investor"). The Minority Investor's stake is passive, and the Minority Investor does not have any authority over the day-to-day operations or investment decisions of the Adviser or any Fund. The Minority Investor has relationships with other advisers and investment vehicles that can give rise to potential conflicts, including sponsoring or investing in firms or vehicles that pursue investment strategies similar to those of a Fund and ultimately compete with a Fund for investment opportunities.

#### *Strategic Advisory Board*

Compensation for activities performed by individual SAB members generally includes carry interest in respective Accounts, the ability to invest in Private Funds sponsored by the Adviser on a no fee/no carry basis, and cash compensation and direct equity in portfolio companies for Board roles at portfolio companies. The functions undertaken by SAB members with respect to an Account may not be exclusive and such persons may perform similar functions and duties for other organizations which may give rise to conflicts of interest. As such persons may also be appointed to the board of directors of companies and have other business interests which give rise to conflicts of interest with the interests of the Account, or a portfolio company in which they are invested.

The SAB is expected to receive compensation (including salary, retainer, fees, incentive equity, or other stock awards), directly or indirectly from (and their expenses borne by) Private Funds sponsored by the Adviser and/or certain portfolio companies or prospective portfolio companies in connection with performing services for, or serving in certain roles with respect to portfolio companies or prospective portfolio companies purchased by Private Funds sponsored by the Adviser, and such compensation will not result in offsets to or reductions of the management fee paid by such funds. These compensation arrangements for SAB members present potential conflicts of interest since such arrangements will generally not be offered to other investors.

### *Selection or Recommendation of Other Advisers*

The Adviser does not recommend or select other investment advisers for its clients and does not receive compensation from such advisers in a manner that would create a material conflict of interest. The Adviser does not have other business relationships with other advisers that create a material conflict of interest.

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

#### *Code of Ethics*

The Adviser has adopted a code of ethics (“Code of Ethics”) under Rule 204A-1 of the Advisers Act, expressing the Adviser’s commitment to ethical conduct. The Adviser’s Code of Ethics describes its fiduciary duties and responsibilities to its advisory clients (such as an Account), and sets forth, among other things, the Adviser’s policies and procedures for: (i) identifying, escalating and addressing any potential conflicts of interest; (ii) monitoring and preventing the Adviser or its supervised persons from engaging in insider trading; (iii) pre-clearance requirements, trading restrictions and reporting requirements for the Adviser’s supervised persons’ personal securities transactions; (iv) the receipt of gifts by supervised persons and the making of political campaign contributions; and (v) pre-approval of the engagement by the Adviser’s employees in certain outside business activities. Under the Adviser’s Code of Ethics, all of its supervised persons have a duty to act only in the best interests of the Account and are required to promptly report all violations of the Code of Ethics to the Adviser’s Chief Compliance Officer (“CCO”). All supervised persons must acknowledge receipt of the Code of Ethics and any amendments thereto.

The Adviser will provide a complete copy of its Code of Ethics to any client or prospective client upon request.

#### *Participation or Interest in Client Transactions; Personal Trading*

As limited partners or members of the General Partner (or equivalent control person) of each Account, the Adviser and its related persons generally have indirect beneficial interests in the securities owned by an Account and will share in any profits and losses generated by each Account’s investments.

In certain situations, the Adviser and/or related persons of the Adviser may purchase interests in the same portfolio company in which a fund or an account is investing or has invested, or an Account may purchase interests in a portfolio company in which the Adviser and/or related persons of the Adviser are investing or have invested. All such transactions are subject to compliance with the Adviser’s Code of Ethics and to any required consents under an Account’s Governing Documents. Before the Adviser makes a recommendation that an Account invest in a company, its related persons that have an ownership interest in that company (other than through an Account) are required to disclose such interest to the Adviser.



The Adviser may cause an Account to engage in “cross transactions” via the purchase of a portfolio investment from, or the sale of a portfolio investment to, another Account, provided that the transaction is consistent with the Adviser’s fiduciary obligations to the fund or account participating in the cross transaction and subject to any conditions or required consents under an Account’s Governing Documents.

While the Adviser endeavors at all times to act in the best interests of any fund or account it manages, investors should be aware that the types of transactions described above create potential conflicts of interest.

## **Item 12 – Brokerage Practices**

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

### *Discretionary Brokerage*

With respect to those instances in which Accounts purchase, sell or distribute publicly traded securities through a broker-dealer, the Adviser seeks to satisfy its best execution obligation by considering all relevant facts and circumstances, including, but not limited to, the price and size of the order, the trading characteristics of the securities involved, the value of research provided by the broker, and the broker’s execution abilities, commission rates, financial responsibility and responsiveness. The Adviser will not necessarily select the broker-dealer offering the lowest commission cost.

### *Research and Soft Dollar Benefits*

The Adviser generally does not engage in soft dollar arrangements with respect to securities transactions.

### *Trade Aggregation*

In circumstances where the Adviser is trading in public securities, the Adviser will, to the extent possible, generally place a combined order for all eligible accounts engaged in the purchase or sale of the same public security at the same time if, in its good faith determination, joint execution would be consistent with its duty to seek best execution.

## **Item 13 – Review of Accounts**

### *Review of Client Accounts*

The Adviser will regularly monitor portfolio investments on behalf Accounts. Investments are reviewed in the context of the Account’s stated investment objectives, guidelines and

restrictions as set forth in the Governing Documents of such Account. The Adviser's CCO reviews the investment portfolios of each Account for consistency with such objectives, guidelines and restrictions as needed in connection with the investment activities of the Account.

#### *Reports to Clients*

The Adviser will distribute quarterly and annual written reports to Accounts which generally will contain unaudited financial statements for the quarter and a brief narrative report as to the status and operations of the Account. Annual reports generally contain a list of, and status report on, investments held by the Account at the end of the year and the audited financial statements of the Account for such year. Annual reports are accompanied by capital account statements as of the end of such year.

Investors should refer to the Governing Documents of the relevant Account for further information on the reports provided by a particular Fund to its investors.

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

#### *Economic Benefits Received from Third Parties*

In connection with investments made by an Account, the Adviser (or persons associated with the Adviser) is permitted to receive an annual management fee and/or monitoring, consulting, directors' or other fees (whether in cash or options or other securities) from a portfolio company while the applicable fund or account continues to have an investment in such portfolio company. The Adviser is permitted to receive a "break-up" fee from a prospective portfolio company if an investment does not close for certain reasons after a letter of intent related to such investment has been signed with such portfolio company. The Adviser is also permitted to receive commitment, structuring and/or other transaction fees from portfolio companies in which a fund or account invests or intends to invest. The amount of any fees that the Adviser or any of its associated persons receives from portfolio companies is determined by negotiations between the Adviser and the applicable portfolio companies.

These types of arrangements present potential conflicts of interest and provide the Adviser with an incentive to recommend investments based on compensation received rather than the best interests of the Account. To help mitigate potential conflicts, such benefits received by the Adviser or its employees in connection with services rendered to portfolio companies or transactions of an Account are generally offset in whole or in part (and therefore reduce) advisory fees payable by the relevant Account, to the extent provided in the Governing Documents of such Account. To the extent that such fees do not result in any offset (or result in only a partial offset) against the advisory fees payable by the relevant Account, however, such potential conflicts shall remain.

Please refer to the Governing Documents of the relevant Account for more complete information about advisory fee offsets.

### *Third Party Compensation for Investor Referrals*

The Adviser and related persons of the Adviser reserve the right in the future to enter into cash compensation arrangements with unaffiliated placement agents or third parties for introducing investors to the Adviser. Any sales charge or placement fee associated with such arrangements will typically ultimately be payable by the Adviser and/or its related persons, either directly or through an offset of the advisory fee payable by the relevant Account to the Adviser.

### **Item 15 – Custody**

The Adviser will not have physical custody of any Account's assets (other than certain privately offered securities to the extent permitted by the Advisers Act). Nevertheless, the Adviser will generally be deemed to have custody of the assets of a Private Fund as a result of its position as an affiliate of the General Partner (or equivalent control person) of each Private Fund.

It is the Adviser's general policy to cause the annual financial statements of the Private Fund with assets over which the Adviser is deemed to have "custody" to be audited annually and to distribute such audited financial statements, prepared in accordance with U.S. generally accepted accounting principles ("GAAP"), to investors in such Private Fund no later than 120 days after the end of each fiscal year. In addition, upon the final liquidation of any such Private Fund, the Adviser will generally obtain a final audit and distribute audited financial statements prepared in accordance with GAAP with respect to such Private Fund to all of its investors promptly after completion of the audit.

In the cases where the Adviser does not undertake an annual audit of a Private Fund and does not deliver audited financial statements to investors in such Private Fund as noted above, a qualified custodian will send quarterly account statements to each investor in such Private Fund and the Adviser will undertake a surprise audit of such Private Fund in accordance with applicable provisions of the Advisers Act. Investor in the Private Funds should review these account statements carefully.

### **Item 16 – Investment Discretion**

Subject to the investment objectives, guidelines and restrictions of each Account as set forth in its Governing Documents, the Adviser has discretionary authority to determine the type, amount and price of securities and investments to be bought and sold on behalf of such Account, including the selection of, and commissions paid to, broker-dealers.

The terms upon which the Adviser serves as an investment manager with respect to any Private Funds are established at the time that such Private Funds are formed or when a separately managed account's investment management agreement is executed. The Adviser's investment advice will be provided directly to a Private Fund and not to investors in the Private Fund individually. The Adviser is not required to contact investors in a Private Fund to transacting any business for the Private Fund.

To invest in Private Funds, an investor must execute a subscription agreement (or similar agreement) with such Private Funds. Investors in Private Funds may seek to impose limitations on the Adviser's authority with respect to such Private Funds through "side letter" or similar agreements, and the Adviser, in its discretion, may choose to accept limitations or restrictions that it considers to be reasonable and consistent with the general investment strategy described in such Private Fund's Governing Documents.

Conversely, the Adviser's investment advice will be provided directly to a separate account individually either on a discretionary or non-discretionary basis pursuant to an investment management agreement.

### **Item 17 – Voting Client Securities**

Adviser has adopted policies and procedures (the "Proxy Voting Policies and Procedures") which have been designed to ensure that the Adviser complies with the requirements of Rule 206(4)-6 under the Advisers Act and reflect Adviser's commitment to vote all Account securities for which it exercises voting authority in a manner consistent with the best interests of the applicable Account as designated.

The Adviser will vote all voting securities held by each Account that delegates proxy voting authority to the Adviser. When exercising its voting authority with respect to securities held by an Account, the Adviser considers information related to the applicable company, evaluates other issues that could have an impact on the value of the Accounts investment in the applicable company and votes with a view toward maximizing overall value to the Account.

Prior to exercising its voting authority, the Adviser's related person with primary responsibility for the applicable portfolio company, in consultation with the CCO and outside counsel, if appropriate, reviews the relevant facts and determines whether a material conflict of interest may arise due to business, personal or family relationships of the Adviser or any of its supervised persons or affiliates. If a material conflict exists, the Adviser takes steps to ensure that its voting decision is based on the best interests of the applicable Accounts and is not a product of the conflict. The Adviser may, at its discretion: (1) seek the advice of the applicable advisory committee of an Account (if any) in voting such security; (2) disclose the conflict of interest to the applicable advisory committee of an Account and defer to the recommendation of such advisory committee; (3) (in the case of a publicly traded company) defer to the voting recommendation of an independent third party provider of proxy voting services; and/or (4) take such other actions in good faith (in consultation with the Adviser's outside counsel, if necessary) which would serve the best interest of the Accounts. Depending on the circumstances involved, the appropriate resolution of one conflict of interest may differ from the resolution of another conflict of interest, even though the general facts underlying both conflicts may be similar (or identical).

The Adviser will deliver to each Account and each investor in an Accounts, upon written request, a complete copy of its Proxy Voting Policies and Procedures and/or information on how it voted securities for the applicable Accounts.

**Item 18 – Financial Information**

The Adviser has no financial condition that is reasonably likely to impair its ability to meet contractual commitments to clients and has not been the subject of a bankruptcy proceeding.