

## **Forward Consumer Partners, LLC**

**2 Sound View Drive  
Greenwich, CT 06830**

**September 2023**

This brochure (the “**Brochure**”) provides information about the qualifications and business practices of Forward Consumer Partners, LLC (hereinafter “**Forward Consumer Partners, LLC**”, “**Forward**”, the “**Management Company**”, “**we**”, “**us**”, “**our**” or the “**Firm**”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer (“**CCO**”) by email at [christina@forwardconsumer.com](mailto:christina@forwardconsumer.com). Information in this Brochure has not been approved or verified by the U.S. Securities and Exchange Commission (the “**SEC**”) or by any state securities authority.

Forward has applied as an “Investment Adviser Expecting to be Eligible for Commission Registration within 120 Days” with the SEC. Registration as an investment adviser does not imply that Forward or any of its principals or employees possesses a particular level of skill or training in the investment advisory business or any other business.

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

**Item 2: Material Changes**

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This Brochure is Forward's initial Form ADV Part 2A which has been submitted with our application for registration with the SEC; therefore, there are no material changes to report. In the future, if the Brochure contains material changes from our last update, we will identify and discuss those changes in this section.

### Item 3: Table of Contents

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Item 2: Material Changes.....	2
Item 3: Table of Contents.....	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation.....	5
Item 6: Performance-Based Fees and Side-By-Side Management.....	12
Item 7: Types of Clients.....	12
Item 8: Methods of Analysis, Investment Strategies, and Risk of Loss.....	12
Item 9: Disciplinary Information.....	56
Item 10: Other Financial Industry Activities and Affiliations.....	56
Item 11: Code of Ethics, Participation or Interest in Client Transactions, and Personal Trading.....	57
Item 12: Brokerage Practices.....	57
Item 13: Review of Accounts.....	58
Item 14: Client Referrals and Other Compensation.....	59
Item 15: Custody.....	59
Item 16: Investment Discretion.....	59
Item 17: Voting Client Securities.....	59
Item 18: Financial Information.....	60

#### Item 4: Advisory Business

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Forward is organized as a Delaware limited liability company with a principal place of business in Greenwich, Connecticut.

We serve as the investment adviser, with discretionary trading authority, to private, pooled investment vehicles, the securities of which are offered through a private placement memorandum to (i) accredited investors, as defined under the Securities Act of 1933, as amended (the “**Securities Act**”), and (ii) unless waived in Forward’s discretion, qualified purchasers, as defined under the Investment Company Act of 1940, as amended (the “**Investment Company Act**”). We do not tailor our advisory services to the individual needs of any particular investor. In addition, an entity unaffiliated with Forward’s founder, Matthew Leeds, ForCon Holdings LLC (“ForCon”) holds an indirect passive minority interest in Forward and its affiliated general partners or managers of certain of the Funds (as defined below). ForCon has no authority over the day-to-day operations or investment decisions of Forward or the Funds, although it does have certain customary minority protection consent rights.

The following advisory entities are affiliated with Forward Consumer Partners, LLC:

- Forward I GP, L.P., a Delaware limited partnership (the “**General Partner**” and collectively with any future affiliated general partner entities, the “**General Partners**” and, together with Forward, the “**Managers**”).

Following registration with the SEC, Forward intends to manage the following private, pooled investment vehicles:

- Forward Fund I, L.P., a Delaware limited partnership (“**Forward Fund I**”);
- Forward Fund I-A, L.P., a Delaware limited partnership (“**Forward Fund I-A**”).

Forward Fund I and Forward Fund I-A are herein each referred to as a “**Fund**” or “**Client**”, and collectively referred to as the “**Funds**” or the “**Clients**”.

The limited partners of the Funds are hereafter collectively referred to as the “**Limited Partners**” or the “**Investors**” where appropriate.

Our investment decisions and advice with respect to the Funds are subject to each Fund’s investment objectives and guidelines, as set forth in its respective private placement memorandum (each, a “**Memorandum**”) and/or agreement of limited partnership or other operating agreement (each, a “**Partnership Agreement**” and, together with the Memorandum, the “**Offering Documents**”).

We do not currently participate in any Wrap Fee Programs.

Currently, we do not have regulatory assets under management, but we expect to have, within 120 days of the effective date of our initial registration, client assets under management sufficient to allow us to remain eligible for registration with the SEC.

Interests in the Funds are not registered under the Securities Act, and the Funds are not registered under the Investment Company Act.

## Item 5: Fees and Compensation

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The following is a general description of fees, compensation, and expenses of the Funds. Differences exist from Fund to Fund, and certain Funds may not charge certain fees, compensation, or expenses that other Funds charge. The Partnership Agreements of the Funds describe fees, compensation, and expenses in greater detail.

### ***Management Fee***

Commencing on their effective date and during their respective investment periods, the Funds generally will pay Forward Consumer Partners, LLC an investment management fee (the “**Management Fee**”), quarterly in advance, calculated based on a specified annual percentage for each Fund (generally 2%, as specified in each Fund’s Partnership Agreement) of aggregate investor capital commitments (“**Commitments**”). After the expiration of the applicable investment period or earlier upon the occurrence of certain events as set forth in the applicable Partnership Agreement, the Management Fee paid by a Fund generally will be calculated based on a specified percentage (generally 2%, as specified in each Fund’s Partnership Agreement) of (i) aggregate investment contributions, less (ii) the aggregate amount of investment contributions with respect to the portion of each investment that has been disposed of or permanently written-down, as determined in accordance with the applicable Partnership Agreement. These “stepdown” provisions also govern to what extent Management Fees are reduced in the event of a partial disposition where a portfolio company’s value is greater than the amount of remaining investment contributions.

The Partnership Agreement of each Fund sets forth the full list of terms under which a Fund’s Management Fee will be reduced, offset or otherwise be limited, and consequently Investors should expect to bear the full specified Management Fee in the relevant Partnership Agreement until they are reduced in the circumstances and on the date(s) specified therein.

The Management Fee otherwise payable by the Funds is generally reduced by such Funds’ pro rata share of a specified percentage of any: (i) directors’ fees, monitoring fees, financial consulting fees or advisory fees earned by the applicable General Partner with respect to any Fund investment; and (ii) break-up fees with respect to Fund transactions not completed that are paid to the applicable General Partner. Payments received for services provided to a portfolio company in the ordinary course of its business or as compensation for serving as an employee or in a similar capacity for a portfolio company, whether received by Forward’s personnel or third parties, are not subject to offset. The remaining amount of the aforementioned fees that are received by the applicable General Partner without offset against the Management Fee are hereinafter referred to as “**Supplemental Fees.**”

The receipt of such Supplemental Fees will not reduce the Management Fee payable by any Fund(s) that have also invested in such investment, and, as a result, a Fund will, in most cases, only benefit with respect to the relevant allocable portion of any such fee and not the portion of any fee related to General Partner or affiliated partner commitments, which have the potential to be significant. Supplemental Fee offsets generally are performed on a net basis, after giving effect to certain taxes and other expenses in connection with the receipt of such fees or the provision of related services. Unless otherwise agreed with investors, Supplemental Fees generally will be payable during term extensions, even if Management Fees are reduced or eliminated during the extended term, thus reducing the amounts of Management Fees actually offset. Supplemental Fees will be offset only to the extent they are paid during the holding period of the relevant Fund, and investors generally will not

receive the benefit of Supplemental Fees paid prior to the Fund's acquisition of the relevant investment.

As described in the Partnership Agreement of the Funds, the applicable General Partner may waive all or a portion of a Management Fee payment for a corresponding interest in such Fund's profits, and any waived portion of such Management Fee may be used to reduce the amount of capital contributions the General Partner would otherwise be required to contribute to the Fund. The Investors of a Fund may be required to make a pro rata contribution according to how they would have funded the waived Management Fee to fund a contribution that would otherwise be required of the General Partner in connection with any such waiver, which will be treated as a deemed capital contribution by the General Partner in respect of the General Partner's Commitment. Reductions to Management Fees due to waivers are taken into account before applying the offsets described above.

### ***Carried Interest***

In addition to the Management Fee, each Fund's General Partner generally receives a carried interest from Investors in the Fund of 20% of all realized profits, subject to an 8% compounded annual preferred return and a related General Partner catch-up (as more fully described in each Fund's Partnership Agreement). The carried interest distributed to a General Partner typically is subject to a potential giveback at the end of the life of the applicable Fund and, on an interim basis, if the General Partner has received excess cumulative distributions.

### ***Other Information***

Forward exempts (and expects in the future to exempt) certain investors (which include or may include affiliates, personnel, "friends and family" and other persons with relationships with or connections to Forward) in the Funds from payment of all or a portion of Management Fees and/or carried interest. For example, in instances where an affiliate of a Forward professional invests in a Fund, such affiliate generally will be exempt from payment of the Management Fee and/or carried interest with respect to such Fund. Additionally, certain General Partners, pursuant to the applicable Partnership Agreement, exempt certain investors, including investors affiliated with such General Partner, from payment of the Management Fee with respect to their investment in the relevant Fund by allowing such investors to invest through the relevant General Partner rather than directly into the relevant Fund. Any such exemption from Management Fees and/or carried interest may be made by a direct exemption, a rebate by Forward and/or its affiliates or through other Funds that co-invest with the relevant investor's Fund.

The Funds generally invest on a long-term basis. Accordingly, Management Fees and other fees are expected to be paid, except as otherwise described in the Partnership Agreements, over the term of the Funds, and Investors generally are not permitted to withdraw or redeem interests in the Funds. Certain Forward professionals receive salaries and other compensation derived from, and in certain cases including a portion of, the Management Fee, carried interest or other compensation received by Forward.

In addition to the Management Fee and carried interest payable to Forward, each Fund bears certain expenses. As set forth in the Partnership Agreements, each Fund will bear its (and its affiliated entities') structuring, organizational, funding and startup expenses, including travel (including, where appropriate as determined by the relevant General Partner, the cost of using or chartering private aircraft or other private air travel at a cost not to exceed the cost of

corresponding first-class commercial airfare, other air travel, rail, car or ride sharing services and other modes of transportation), lodging, meals, entertainment, printing, mailing, courier, legal, capital raising, administrative, tax, filing, accounting, consulting, investor due diligence, web portal, regulatory compliance (including, if applicable, expenses associated with the initial and/or preliminary compliance contemplated by the Alternative Investment Fund Managers Directive or any other similar law, rule or regulation), any administrative or other filings and other organizational expenses. The relevant General Partner generally will bear the cost (through an offset against the Management Fee or otherwise) of the relevant Fund's organizational expenses in excess of certain thresholds specified in the Partnership Agreements, if any, and of any placement fees payable to any placement agent in connection with the formation of the Fund.

In addition to such organizational costs, the Management Fee and carried interest payable to the applicable General Partner, a Fund will pay, or reimburse the relevant General Partner, the Management Company, their affiliates or any person or entity advancing the relevant payment for, all other fees, costs, expenses, liabilities and obligations relating to such Fund's and/or its subsidiaries' activities, business, portfolio companies or actual or potential investments, including with respect to any entity formed to effect the acquisition and/or holding of a portfolio company (to the extent not borne or reimbursed by a portfolio company or potential portfolio company). As specified in each relevant Partnership Agreement, such amounts generally will include all fees, costs, expenses, liabilities and obligations (referred to collectively in this section as "**costs**") relating or attributable to: (i) activities with respect to the sourcing, identification, origination (including attending and sponsoring industry conferences and events, meeting with consultants, finders, broker-dealers, investment banks and other sources of investments and developing and maintaining an investment pipeline), structuring, organizing, negotiating, consummating, financing, refinancing, syndicating, diligencing (including any subscriptions to any periodicals, databases and/or research services), investigating acquiring, bidding on, owning, managing, monitoring, operating, holding, maintaining, hedging, restructuring, trading, recapitalizing, taking public or private, selling, valuing, winding up, liquidating, dissolving or otherwise disposing of, as applicable, the relevant Fund's portfolio companies and the relevant Fund's actual and potential investments (including follow-on investments) or seeking to do any of the foregoing (including any associated legal, financing, commitment, transaction or other costs payable to attorneys, accountants, tax professionals, investment bankers, lenders, expert networks, third-party diligence and deal-sourcing software and service providers, expert networks consultants and similar professionals in connection therewith) and any costs related to transactions that may have been offered to co-investors or pursued with joint venture partners, whether or not any contemplated investment, transaction or project (or co-investment) is consummated and whether or not such activities are successful or undertaken (for the avoidance of doubt, including the full amount of any such costs related to unconsummated transactions that, had they been consummated, would have been invested in by one or more co-investors); (ii) indebtedness of, or guarantees made by (or in respect of), the relevant Fund, the Management Company, the relevant General Partner or any Limited Partner designated as an "affiliated partner" by the relevant General Partner on behalf of (or in respect of) the Fund (including any credit facility, margin loan, letter of credit or similar credit support), including repayment of principal and interest with respect thereto, or evaluating, negotiating or seeking to put in place any such indebtedness or guarantee; (iii) financing, commitment, origination and similar activities; (iv) broker, dealer, finder, underwriting (including both commissions and discounts), loan administration, private placement fees, sales commissions, investment banker and/or finder and similar services (including buy side and sell side fees or any sourcing fees); (v) brokerage, sale, custodial, depository (including any depository appointed pursuant

to the AIFMD or any law, rule or regulation relating to the implementation thereof), local paying agent, trustee, record keeping, account, registered office and similar services and costs related to compliance with the Swiss Collective Investment Schemes Act dated June 23, 2006 (as amended) and the implementation thereof or the Swiss Financial Services Act 2018 (including, but not limited to, the appointment of the Swiss representative and paying agent), agent, bank or other bank, transfer, registration, trustee, record keeping, account, registered office, registered agent and similar services; (vi) legal, compliance, accounting, research, auditing, investor reporting (including software), technology, administration (including costs associated with compliance with any anti-money laundering laws and regulations and the Fund's third-party administrator, tracking and administration or reporting software, if any, as well as costs incurred in connection with engaging one or more administrators and/or similar persons to provide services in connection with anti-money laundering and "know your client" matters), information, appraisal, advisory, valuation (including third-party valuations, fairness opinions, appraisals or pricing services as well as costs related to the establishment or maintenance of such other services), consulting (including consulting and retainer fees, salary and other compensation paid to and benefits or personnel costs provided to or on behalf of consultants performing investment initiatives or providing services related to environmental, social and governance investment considerations and policies and other consultants), tax and other professional services (including costs related to the establishment or maintenance of any such activities or services); (vii) reverse break-up, termination and other similar arrangements, including any related damages and indemnification costs and any costs related to transactions that may have been offered to co-investors; (viii) insurance (including directors and officers liability, fidelity bond, management liability, cybersecurity, errors and omissions liability, crime coverage and general partnership liability premiums and other insurance and regulatory costs, including any costs related to any retention or deductibles and broker fees, costs and commissions) and any consultants or other advisors utilized in the procurement, review, maintenance and analysis of insurance policies; (ix) filing, title, transfer, survey, registration, custodian, and other similar activities; (x) printing, communications, mailing, courier, marketing and publicity; (xi) the preparation, distribution or filing of financial statements or other reports, tax returns, tax estimates, Schedule K-1s or similar forms or other communications with Partners, any other administrative, compliance or regulatory filings or reports (including Form PF, if applicable, any filings or reports contemplated by the AIFMD (excluding, for clarity, the initial and/or preliminary notifications, registrations, filings and compliance related thereto) or any similar law, rule or regulation (including any implementing law, rule or regulation relating thereto), the EU Sustainable Finance Disclosure Regulation and/or the EU Taxonomy Regulation (as required), the cost of complying with or otherwise relating to any side letter or similar agreements, and any reports required or requested by the U.S. and Bureau of Economic Analysis) or other information, including costs of any third-party service providers and professionals related to the foregoing; (xii) expenses associated with the reporting, filings or other ongoing compliance requirements contemplated by the AIFMD (excluding, for clarity, the initial and/or preliminary notifications, registrations, filings and compliance related thereto), or any similar law, rule or regulation and including any secondary legislation, regulations, rules and/or associated guidance, and any related requirements; (xiii) compliance with any tax or financial account reporting regime, including the "Foreign Account Tax Compliance Act" or "FATCA", the OECD Standard for Automatic Exchange of Financial Account Information Common Reporting Standard and any similar laws, rules and regulations, and any costs of any third-party service providers and professionals related to the foregoing; (xiv) developing, licensing, implementing, maintaining or upgrading any web portal, extranet tools, computer software (including accounting, investor reporting, ledger systems, financial management and cybersecurity) or other administrative or reporting tools, customer relationship management products or services (including subscription-based services and



tools to assist with identifying, investigating, conducting diligence with respect to, evaluating, structuring, consummating, holding, monitoring or disposing of potential and actual investments) for the benefit of the Fund, the portfolio companies or the Limited Partners; (xv) any activities (including costs of software and services) with respect to protecting the confidential or non-public nature of any information or data, (including any costs incurred in connection with any legislation and regulation relating to the protection of personal data in force from time to time in the European Union (including the General Data Protection Regulation (EU 2016/679 (as amended))), the European Economic Area or the United Kingdom or the Freedom of Information Act, 5 U.S.C. § 552)) or related to encryption, cybersecurity, data and/or network protection and other cyber risks; (xvi) as provided in the relevant Partnership Agreement, or otherwise approved by the relevant General Partner in its sole discretion, activities or proceedings of the advisory council of the relevant Fund (including any out of pocket costs (including travel and lodging costs) incurred by representatives of the relevant General Partner, the advisory council members of the relevant Fund, permitted observers and other persons or entities in connection with attending or otherwise preparing for and/or participating in meetings of the advisory council of the relevant Fund); (xvii) indemnification obligations (including any legal and any other costs incurred in connection with indemnifying any relevant General Partner, Limited Partner or other person or entity or otherwise pursuant to the relevant Partnership Agreement and advancing costs incurred by any such person or entity in defense or settlement of any claim that may be subject to a right of indemnification pursuant to the relevant Partnership Agreement), except as otherwise set forth in the relevant Partnership Agreement; actual, threatened or otherwise anticipated litigation, governmental inquiry, investigation, proceeding, mediation, arbitration or other dispute resolution process, including the costs of any discovery related thereto and any judgment, other award or settlement entered into and/or paid or payable in connection therewith; (xviii) any annual Limited Partner meeting or other periodic or special, if any, meetings of the Limited Partners, if any, and any other conference, meeting or webcast or other video conference with any Limited Partner(s) (in each case, including any costs associated with venue, set-up, room and board, dining, entertainment, gifts and mementos, honorarium, events or speakers and other meeting or conference-related costs), and any periodic executive forum of portfolio company management and other persons or entities; any reimbursement related thereto (regardless of whether certain of the individuals attending or otherwise participating in such meetings are not Limited Partners or representatives thereof) in each case, to the extent incurred by the relevant Fund, the relevant General Partner, the Management Company or any affiliate thereof; (xix) except as otherwise determined by the relevant General Partner in its sole discretion, any costs relating to any alternative investment vehicle, or special purpose vehicle established by the relevant General Partner or any of its affiliates to pursue the relevant Fund's investment strategy, or their respective activities, business, portfolio companies or actual or potential investments (to the extent not borne or reimbursed by a portfolio company of such alternative investment vehicle) that would be a relevant Fund expense or organizational expense if it were incurred in connection with the relevant Fund, and any costs incurred in connection with the formation, management, operation, termination, winding up, liquidation and dissolution of any feeder vehicles related to the relevant Fund to the extent not paid by the investors investing in such entities, and any costs related to any structuring or restructuring of the relevant Fund, the relevant General Partner, the Management Company and their respective affiliates, each general partner, manager or other control person or entity of any of the foregoing and each existing or prospective portfolio company and its subsidiaries; (xx) the termination, liquidation, winding up or dissolution of the relevant Fund and any legal entities owned directly or indirectly by the relevant Fund, including portfolio companies; (xxi) defaults by the relevant General Partner or the Limited Partners in the payment of any capital

contributions; (xxii) amendments to, and waivers, consents or approvals pursuant to, the constituent documents of the relevant Fund, the relevant General Partner, the Management Company, any alternative investment vehicle of the relevant Fund and any related entity (including the preparation, distribution and implementation thereof) and any entities owned directly or indirectly by the relevant Fund (including portfolio companies); (xxiii) compliance with any law, rule, regulation, policy, directive or special measure (including in relation to privacy, data protection, know-your-customer, anti-money laundering, sanctions, anti-terrorism, or environmental, social or governance considerations), or policy related to the activities of the relevant Fund (including any legal, administrator, consulting or other third-party service provider costs related thereto), any regulatory costs of the relevant General Partner, the Management Company or any of their respective affiliates or any administrators or service providers incurred in connection with the operation of the relevant Fund and costs related to compliance with any environmental, social or governance or other investment considerations and policies (such as costs for annual reports, trainings and consultants in connection therewith) applicable to the relevant Fund, the relevant General Partner and/or any of their respective affiliates and any costs related thereto, and the validation or other confirmation of any payments made to the relevant Fund or the relevant General Partner (including as a result of any anti-money-laundering laws, rules or regulations); (xxiv) any litigation or governmental inquiry, investigation or proceeding including any costs of discovery related thereto and the amount of any judgments, settlements or fines paid in connection therewith, except as set forth in the relevant Partnership Agreement; (xxv) any consultants, experts or advisors, including independent appraisers and/or investment banks, engaged in connection with the relevant Fund considering, making, holding or disposing of, directly or indirectly, an investment in the same person or entity as one or more investment vehicles or accounts (other than the relevant Fund) managed, controlled or sponsored by the relevant General Partner or any of its affiliates; (xxvi) unreimbursed costs incurred in connection with any transfer or proposed transfer by a Limited Partner or any Limited Partner's name change, pledge of interest, internal restructuring or change in trust, registered agent or custodian; (xxvii) any taxes (including withholding taxes), fees and other governmental charges levied against the relevant Fund, any special purpose vehicle, any alternative investment vehicle or intermediate entity and all costs incurred in connection with any tax audit, inquiry, investigation settlement or review of the relevant Fund, any special purpose vehicle, any alternative investment vehicle or intermediate entity (except to the extent that the relevant Fund, any special purpose vehicle, any alternative investment vehicle or intermediate entity is reimbursed therefor by the relevant General Partner or a Limited Partner), and any costs of or related to the "partnership representative" of the relevant Fund; distributions to the relevant General Partner or the Limited Partners and other costs associated with the acquisition, holding and disposition of investments, including extraordinary expenses; (xxviii) compliance or regulatory matters, except as otherwise set forth in the relevant Partnership Agreement, including compliance with the relevant Partnership agreement and/or any letter agreement; (xxix) amendments to, and waivers, consents or approvals pursuant to, side letters and similar agreements with Limited Partners; (xxx) attendance of any member, manager, shareholder, partner, director, officer, employee or affiliate of the relevant General Partner, the Management Company or any of their respective affiliates at any trade conference, including any applicable registration costs and exhibition, sponsorship or other presentation costs; (xxxi) any travel (including, where appropriate as determined by the relevant General Partner, the cost of using or chartering private aircraft or other private air travel at a cost not to exceed the cost of corresponding first class commercial airfare, other air travel, rail, car or ride sharing services, other modes of transportation) and lodging, meals or entertainment relating to any of the foregoing, including in connection with consummated and unconsummated investment and disposition opportunities; (xxxii) any of the items listed

in clauses (i) through (xxxi) above relating to any investment, restructuring, taking public or private, disposition, transaction, project or other opportunity not consummated or otherwise not successful and/or that may have been offered to co-investors (including co-investors' proportionate share of any costs related to an investment or other opportunity not consummated); (xxxiii) any organizational expenses; (xxxiv) any placement fees; and (xxxv) any other costs approved by the advisory council of the applicable Fund.

Generally, with respect to investment-related expenses, if more than one Fund participates, or is expected to participate, in an investment, then the Managers allocate expenses related to such investment (whether consummated or not) on a pro rata basis based on expected or actual commitments. Subject to any restrictions in any applicable Partnership Agreement, the Managers allocate non-investment related expenses that were not incurred solely by or on behalf of one Fund among the applicable Funds or the Fund(s) and other parties (e.g., the relevant General Partners) on a basis deemed fair and reasonable by the Managers. In certain circumstances, one Fund is expected to pay an expense or obligation common to multiple Funds and/or co-investors (including, without limitation, legal expenses for a transaction in which all such Funds and/or co-investors participate, or other fees or expenses in connection with services the benefit of which are received by other Funds and/or co-investors over time), and be reimbursed by the other Funds for their share of such expenses or obligations, without interest. To the extent the paying Fund makes use of a credit facility to pay such expense, it generally will not be reimbursed separately by other Funds for use of the facility.

Where a co-invest vehicle is formed, such entity generally will bear expenses related to its formation and operation, many of which are similar in nature to those borne by the Funds. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgment of the relevant General Partner, ultimately is not consummated, all fees and expenses incurred for transactions not consummated ("**Broken Deal Expenses**") relating to such proposed transaction will be borne by the Fund(s), and not by any potential co-investors, that were to have participated in such transaction. To the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such Broken Deal Expenses where permitted by such vehicle's Offering Documents. In addition, in certain instances, a Fund will bear expenses in respect of an existing or prospective portfolio company that will not be borne by other owners or investors in such portfolio company (including co-investors or co-investment vehicles), where Forward has determined such arrangement to be in the best interest of such Fund (e.g., a Fund engages or pays for a consultant for services in respect of a portfolio company without reimbursements by other owners of the portfolio company).

Subject to a Fund's Partnership Agreement, the applicable General Partner will generally bear all ordinary administrative and overhead expenses incurred in connection with maintaining their offices, including employees' salaries, rent, utilities, and equipment expenses (although, as noted above, compensation for services provided in the ordinary course to or for serving as an employee or in a similar capacity for a portfolio company, are not part of the General Partners' overhead expenses).

Brokerage fees are permitted to be incurred by the applicable Fund in accordance with the practices set forth in Item 12, "Brokerage Practices" below.

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

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As discussed under Item 5, “Fees and Compensation,” above, the General Partners receive a carried interest allocation on certain realized profits in certain of the Funds. A performance-based allocation is an allocation representing an asset manager’s compensation based on a percentage of net profits of the Fund being managed. To the extent that Forward has Funds with varying carried interest terms (including amount, timing, waterfall conditions or other terms) and/or Forward’s personnel are assigned varying percentages of carried interest from the Funds, Forward and such personnel are subject to potential conflicts of interest, to the extent they are involved in identifying investment opportunities as appropriate for Funds from which they are entitled to receive a higher carried interest percentage. See Item 8, “Methods of Analysis, Investment Strategies and Risk of Loss,” for further discussion of conflicts of interest.

## **Item 7: Types of Clients**

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Our clients are the Funds, as described in Item 4 above, and the Funds are generally open to, among others, institutions, pension plans, endowments, high net-worth individuals, financially sophisticated individuals, and other sophisticated investors, and from time to time include, directly or indirectly, principals or other employees of Forward and its affiliates and members of their families or other service providers retained by Forward, as well as executives of portfolio companies. In most circumstances, investors in the Funds must meet certain suitability and net worth qualifications prior to making an investment in the Funds. Generally, investors must be (i) “accredited investors” as defined under Regulation D of the Securities Act, and (ii) unless waived in Forward’s discretion, either “qualified purchasers” or “knowledgeable employees” as defined under the Investment Company Act. Forward reserves the right to waive these qualification requirements under certain circumstances.

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

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### ***General***

The following is a summary of the investment strategies and methods of analysis generally employed by the Managers on behalf of the Funds and a summary of certain risks involved with the Managers’ investment strategy and an investment in the Funds. More detailed descriptions of the Funds’ investment strategies and methods of analysis and risks are included in the applicable Memorandum for each Fund. There can be no assurance that the Managers will achieve the investment objectives of the Funds and a loss of investment may be possible.

The descriptions set forth in this Brochure of specific advisory services that we offer to Clients, and investment strategies pursued and investments made by us on behalf of our Clients, should not be understood to limit in any way our investment activities. We may offer any advisory services, engage in any investment strategy and make any investment, including any not described in this Brochure, that we consider appropriate, subject to each Client’s investment objectives and guidelines as set forth in the Offering Documents. The investment strategies we pursue are speculative and entail substantial risks. Clients should be prepared to bear a substantial loss of capital. There can be no assurance that the investment objectives of any Client will be achieved.

### ***Investment Objective***

The principal investment objective of the Managers generally is to make investments in lower middle market businesses. The Managers target branded consumer products businesses with a particular emphasis on the food and beverage, packed goods, and personal care sub-categories. Forward's approach is based on its observation that lower middle market consumer brands can benefit significantly from talent and resources generally limited to scaled brands, and Forward believes that bringing this structured approach to Forward's target brands has the potential to enable significant equity value creation.

Forward's mandate is to invest in powerful brands that make beloved products. Forward was created with the goal of filling the void observed by Forward between consumer-focused growth equity investment firms (which traditionally make passive minority investments in high-growth, low-profitability brands) and the established leaders in consumer investing (who employ a similar strategy to Forward, but whose success in smaller transactions has enabled them to scale such that \$25 million to \$200 million control-oriented investments are significantly smaller than their target investment profile). Forward has identified what it believes to be a clear gap for control investments in profitable, consistently-growing consumer brands at the lower end of the middle market.

### ***Risk of Loss Factors***

The following risk factors do not purport to be a complete list or explanation of the risks involved in an investment in the Clients advised by us. These risk factors include only those risks we believe to be material, significant or unusual and relate to particular significant investment strategies or methods of analysis employed by us.

An investment in the Funds involves significant risks and is suitable only for those persons who can bear the economic risk of the loss of their entire investment, who have limited need for liquidity in their investment, and who have met the conditions set forth in the Offering Documents. There can be no assurances that we will achieve our investment objectives. A Fund and its investors bear the risk of loss that the applicable General Partner's investment strategy entails. Each prospective investor should carefully review the Offering Documents and the documents referred to herein before deciding to invest in any Fund.

*Investments in Private Companies.* The investment portfolios of the Funds are expected to 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. The relevant General Partner cannot provide assurance that it will be able to choose, make or realize any particular investment or that the relevant Fund will be able to invest fully its committed capital. There is no assurance that the relevant Fund will be able to generate returns for its investors or that the returns will be commensurate with the risks of investing in the types of investments described herein. There can be no assurance that the relevant Fund's investment objectives will be achieved, that the relevant General Partner will otherwise be able to carry out its investment program successfully or that an Investor will receive a return of its capital. An investment in the Funds should only be considered by persons who can afford a loss of their entire investment.

*Future and Past Performance; Loss of Principal.* The Funds consist of newly organized entities that have no prior operating history or track record. While the principals of the General Partners and their affiliates (the "**Principals**") have previous experience making and managing investments similar to those contemplated by the Funds, the Principals have limited

experience managing and investing a committed pool of funds. Accordingly, the Funds do not have performance history for a prospective investor to consider. Any information received by prospective investors about the prior performance of other investment funds managed or advised by Forward or the Principals is not necessarily indicative of the relevant Fund's future results, and there can be no assurance that the relevant Fund will achieve comparable results. An Investor should not rely on any expectation and there can be no assurance that the risk/return profile of its investment in a Fund will resemble that of the other Funds advised by the Principals or their prior investments. An Investor should only invest in the Funds as part of an overall investment strategy, and only if the Investor is able to withstand a total loss of its investment in the Funds. While the General Partners intend for the Funds to make investments that have estimated returns commensurate with the risks undertaken, there can be no assurances that any targeted internal rate of return will be achieved. With respect to any of the Funds' investments, loss of principal will be possible.

*Investment in Junior Securities.* The securities in which the Funds will invest may be among the most junior in a portfolio company's capital structure and, thus, subject to the greatest risk of loss. Generally, there will be no collateral to protect any Fund's investment once made.

*Concentration of Investments; Lack of Diversification.* Each Fund will participate in a limited number of investments and each Fund reserves the right to make several of its investments in one industry or one industry segment or within a short period of time. As a result, a Fund's investment portfolio could become highly concentrated, and the performance of a few holdings or of a particular industry may substantially affect its aggregate return. The Funds will typically focus on investments in the consumer sector. Instability, fluctuation or an overall decline within the consumer sector (or any of its subsectors) will likely not be balanced by investments in other sectors not so affected. In the event that the consumer sector as a whole (or any of its subsectors) declines, returns to the Limited Partners are expected to decrease. Furthermore, to the extent that the capital raised is less than the targeted amount, the relevant Fund may invest in fewer portfolio companies and thus be less diversified. In addition to the foregoing, because each Fund is expected to only make a limited number of investments that generally will involve a high degree of risk, poor performance by any single portfolio company could materially and adversely affect total returns. If certain portfolio companies perform unfavorably, then in order for the relevant Fund to achieve attractive returns, one or more of its other investments must perform very well, and there can be no assurance that this will occur or would be sufficient to offset the poor performing investments in the relevant Fund's portfolio. There can be no assurance that this will be the case. In addition, Limited Partners have no assurance as to the degree of diversification of a Fund's portfolio investments, either by geographic region, industry, asset type or domain. To the extent a Fund concentrates investments in a particular issuer, security, industry or geographic region, its investments will become more susceptible to fluctuations in value resulting from adverse economic and business conditions with respect thereto. In circumstances where the relevant General Partner intends to refinance all or a portion of the capital invested in a transaction, there will be a risk that such refinancing may not be completed, which could lead to increased risk as a result of the relevant Fund having an unintended long-term investment as to a portion of the amount invested and/or reduced diversification.

*Unspecified Investments.* Limited Partners will be relying on the ability of the General Partners to identify and evaluate the investments to be made by the Funds using the proceeds from their respective offerings. The activity of identifying, structuring, completing and realizing private equity investments involves a high degree of uncertainty and is subject in some cases to the prevailing capital market, regulatory or political environment. There can be no

assurance that the Managers will be able to identify, or the Funds will be able to complete, portfolio investments that satisfy the Funds' rate of return objectives or, if completed, realize such investments for fair or attractive values or that the Funds will be able fully to invest its committed capital.

*Competition.* The business of identifying, structuring and completing private equity transactions is highly competitive and involves a high degree of uncertainty. The Funds will 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, investing directly or through affiliates, and other private equity funds. Over the past several years, an ever-increasing number of investment funds have been or are being formed, and many fund sponsors have increased the size of successor funds as compared to their corresponding prior funds. Other investment funds with similar investment objectives to the Funds likely will be formed in the future by other unrelated parties. In such an environment, the sourcing and execution of transactions for the Funds, whether on a proprietary basis or otherwise, becomes more challenging and there is no guarantee that investments meeting the Funds' investment criteria will be available to the Funds, or that the Funds will be able to fully invest their committed capital. Some of these competitors may have more relevant experience, greater financial resources, a greater willingness to take on risk and/or more personnel than the General Partners, the Funds and their respective affiliates, which could negatively impact the availability and acquisition of investment opportunities for the Funds. The General Partners expects that competition for appropriate investment opportunities may increase, thus reducing the number of investment opportunities available to the Funds and/or adversely affecting the terms upon which portfolio investments can be made. Although the General Partners do not currently expect for the Funds to participate in auctions, in the event any Fund participates in any auction, such participation will also increase the pressure on such Fund with respect to pricing of the transaction, and the outcome of such participation cannot be guaranteed. For example, given the current increasingly more competitive environment, the General Partners may find it more difficult to obtain buyer-favorable terms in a transaction, such as receiving an indemnification by the seller for a breach of representations or warranties, the ability to terminate a transaction if financing sources become unavailable or unwilling to fund or the ability to terminate the transaction if there has been a material adverse change in the company's business prior to closing of the investment. In addition, the General Partners may find that competitors for investment opportunities are willing to offer seller-favorable terms in a transaction, such as providing a "reverse break-up fee" and fund-level guarantees. In the event a financing-related closing condition is not available to the Funds or if the Funds are required to provide a reverse break-up fee or guarantee in connection with a potential investment, the Funds may become obligated to consummate a transaction on less favorable terms or may be required to fund, including with respect to amounts incurred prior to the initial closing date, the reverse break-up or similar fee in connection with a potential investment that is not made. Additionally, the Funds may incur bid, due diligence, negotiating, consulting or other costs on investments that may not be successful. Moreover, certain investment opportunities may depend upon the General Partners' ability to enter into satisfactory relationships with joint venture, co-invest or other operating partners or receive approval from third parties who have greater control over critical aspects of contractual relationships. There can be no assurance that the General Partners will be able to enter into or continue any such relationships, including because of the factors above. Limited Partners in the Funds must rely upon the ability of the General Partners and the Management Company to identify, structure and implement portfolio investments consistent with the Funds' investment objectives and policies. The Funds may be unable to

find a sufficient number of attractive opportunities that meet their investment objectives. To the extent that the Funds encounter significant competition for investments, returns to Limited Partners may decrease. In addition, it is possible that the Funds will never be fully invested if enough sufficiently attractive investments are not identified and consummated. Regardless of the extent to which the Commitments of the Limited Partners are invested (or drawn down to be invested), the Limited Partners will be required to bear Management Fees through the Funds during the relevant Investment Periods based on the entire amount of the Limited Partners' Commitments and other expenses as set forth in the relevant Partnership Agreement.

*Dynamic Investment Strategy.* While the General Partners generally intend to seek attractive returns for the Funds primarily through making private equity investments as described in the Offering Documents, many factors may contribute to changes in emphasis in the construction of the portfolio (including, for example, changes to sector focus, portfolio weighting, the manner of investing or investment theses generally, or in particular geographies or subsectors), and the General Partners reserve the right to pursue additional investment strategies and/or modify or depart from its initial investment strategy, investment process and investment techniques as it determines appropriate and is consistent with the Partnership Agreements. Such factors may include changes in market or economic conditions or regulation as they affect various industries, changes in the political or social situations in particular countries and the investment opportunities that the General Partners believes may be available. Prospective investors should note that there are few limitations on the types of investments that the Funds may make, and the Funds may make a wide range of types of investments across a wide range of capital structures and asset classes. The General Partners reserve the right to pursue investments outside of the industries and sectors in which the Principals have previously made investments or have internal operational experience.

*Impact of Government Regulation, Reimbursement and Reform.* Certain industry segments in which the Funds may invest are (or may become) (i) highly regulated at both the federal and state levels in the U.S. and internationally and (ii) subject to frequent regulatory change. Certain segments may be highly dependent upon various government (or private) reimbursement programs. While the Funds intend to invest in companies that seek to comply with applicable laws and regulations, the laws and regulations relating to certain industries are complex, may be ambiguous or may lack clear judicial or regulatory interpretive guidance. An adverse review or determination by any applicable judicial or regulatory authority of any such law or regulation, or an adverse change in applicable regulatory requirements or reimbursement programs, could have a material adverse effect on the operations and/or financial performance of the companies in which the Funds invest.

*Consumer Sector.* The consumer sector can be significantly affected by various factors, including the performance of domestic and international economies, exchange rates, changing consumer preferences, demographics, marketing campaigns, cyclical revenue generation, consumer confidence, commodity price volatility, labor relations, interest rates, import and export controls, intense competition technological developments and government regulation. Any portfolio company of the Funds in the consumer sector may also be adversely affected by any such slowdown. Additionally, companies engaged in the design, production or distribution of products or services for the consumer discretionary sector are subject to the risk that their products or services may quickly become obsolete. The success of these companies can depend heavily on disposable household income and consumer spending. The consumer goods industry may be strongly affected by trends, marketing campaigns, demographics, changing consumer preferences and other factors affecting consumer



demand. Governmental regulation affecting the use of various food additives may affect the profitability of certain companies in the consumer goods industry. Consumer goods that are marketed globally may be affected by the demand and market conditions in other countries and regions. The success of consumer product manufacturers and retailers depends heavily on disposable household income and consumer spending. Companies in the consumer staples sector may be subject to risks pertaining to the supply of, demand for and prices of raw materials. The prices of raw materials may fluctuate in response to a number of factors, including, without limitation, changes in government agricultural support programs, exchange rates, import and export controls, changes in international agricultural and trading policies, and seasonal and weather conditions.

*Illiquidity; Lack of Current Distributions.* An investment in the Funds should be viewed as an illiquid investment. Investment in the Funds requires a long-term commitment with no inherent likelihood of return. 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. The Funds' 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 Funds. 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 Funds invests and an active mergers and acquisitions (or recapitalizations and reorganizations) market. 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 Funds 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 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. Furthermore, the expenses of operating the Funds (including the Management Fee payable to the Management Company or its designated affiliate) may exceed its income, thereby requiring that the difference be paid from the Funds' capital, including, without limitation, unfunded Commitments.

*Leveraged Investments; Borrowing.* The Funds reserve the right to make use of leverage by incurring or having a portfolio company or intermediary entity incur debt to finance a portion of its investment, including in respect of companies not rated by credit agencies. Leverage generally magnifies both a Fund's opportunities for gain and its risk of loss from a particular investment, and the magnification of the risk of loss has the potential to 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 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 also has the potential to impose restrictive financial and operating covenants on a company, in addition to the burden of debt service, and will constrain 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 the Funds' investments to any deterioration in a 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 the Funds' investments in the leveraged portfolio companies in a down market. These risks generally are expected to increase as interest rates rise, including in circumstances where a portfolio company's creditworthiness is such that it must borrow at higher interest rates than are available to the relevant Fund. In the event any portfolio company cannot generate adequate cash flow to meet its debt service, the relevant Fund has the potential to suffer a partial or total loss of capital invested in the portfolio company, which could adversely affect the returns of the relevant Fund. Additionally, lenders would typically have a claim that has priority over any claim by the relevant Fund to the assets of such portfolio company in an insolvency event or proceeding. Should the credit markets be limited or costly at the time a Fund determines that it is desirable to sell all or a part of a portfolio company, such Fund may not achieve an exit multiple or enterprise valuation consistent with its forecasts. If a portfolio company is unable to obtain favorable financing terms for its investments, refinance its indebtedness or maintain a desired or optimal amount of financial leverage, the relevant Fund expects to hold a larger than expected equity investment in such portfolio company and may realize lower than expected returns from such portfolio company which would adversely affect the relevant Fund's ability to generate attractive returns for the relevant Fund as a whole. Any failure by lenders to provide previously committed financing could also expose the relevant Fund to potential claims by sellers of businesses which the relevant Fund may have been contracted to purchase. Moreover, the companies in which the Funds will invest generally will not be rated by a credit rating agency. Except where otherwise required by its Offering Documents, a Fund will not be obligated to borrow on behalf of a portfolio company, even in circumstances where the relevant Fund's creditworthiness would permit borrowing at a lower rate than is available to the portfolio company. The Funds also reserve the right to borrow money or guaranty indebtedness (such as a guaranty of a portfolio company's debt, a letter of credit or other forms of promise to provide funding) or otherwise be liable therefor, and in such situations, it is not expected that the relevant Fund would be compensated for providing such guarantee or exposure to such liability. Any use of leverage by a Fund generally also will result in fees, interest expense and other costs to the relevant Fund that may exceed, or otherwise may not be covered by, distributions made to the relevant Fund or appreciation of its investments. While Fund-level borrowings generally will be interim in nature, asset-level leverage generally will not be subject to any limitations, including with respect to the amount of time such leverage may remain outstanding. The Funds reserve the right to incur leverage on a joint, several, joint and several basis or cross-collateralized basis with one or more other investment funds and/or other entities managed by or otherwise affiliated with the General Partners or any of their affiliates and, in connection with incurring such indebtedness, the General Partners reserve the right to, in their sole discretion, cause the Funds to enter into one or more agreements to obtain a right of contribution, subrogation or reimbursement from or against such entities. However, it is possible that, if and when a Fund were to seek to enforce any such right, any such entity could default on its obligation and/or such right may otherwise be unenforceable. In certain circumstances, lenders and other market parties are expected to seek "cross default" rights under which a Fund will be treated as in default under the relevant facility in the event of a default by another Fund or a Forward entity relating to their respective lending or other facilities; were any such provision to be triggered, the relevant Fund's Limited Partners could suffer adverse effects resulting from any default by any Fund or Forward entity, whether or not related to the relevant Fund

in which such Limited Partners have invested. It is also possible that certain co-investors (including management, any roll-over investors and/or third-party co-investors) will not share in incurring such leverage and that a Fund will disproportionately bear the risk and/or costs of leverage arrangements. In addition, to the extent a Fund incurs leverage (or provides any guaranty), such amounts are permitted to be secured by the capital commitments of the relevant Fund's Investors and other assets of the relevant Fund. The inability of a Fund to repay any leverage secured by the capital commitments of the relevant Fund's Investors could enable a lender to issue a capital call on behalf of the relevant General Partner. Additionally, the incurrence of leverage by a Fund or a flow-through entity for U.S. federal income tax purposes owned by the relevant Fund may cause tax-exempt Limited Partners to recognize "unrelated business taxable income" within the meaning of Section 512 of the U.S. Internal Revenue Code of 1986, as amended (the "**Code**").

*Use of Credit Facility.* The Funds will be permitted to borrow funds pursuant to a revolving credit facility or other debt facility, including a facility based on the aggregate Commitments available to be called. Each Fund's use of such facilities will be determined by the relevant General Partner, and the performance of such Fund may be impacted by how such General Partner causes such Fund to utilize such facilities. Although the use of such a facility may increase a Fund's ability to swiftly invest capital, it also will cause such Fund to incur interest expense and other costs and subject Limited Partners to certain risks and costs. For example, because amounts borrowed under a subscription line typically are secured by pledges of the relevant General Partner's right to call capital from the Limited Partners, Limited Partners may be obligated to contribute capital on an accelerated basis if the applicable Fund fails to repay the amounts borrowed under a subscription line or experiences an event of default thereunder. Moreover, any Limited Partner claim against a Fund would likely be subordinate to such Fund's obligations to a subscription line's creditors. Conflicts of interest may arise in that the use of such facilities may, and likely would, delay the need for Partners to make certain contributions to the Funds, which may enhance the Funds' performance figures and thereby benefit the General Partners and their respective affiliates.

Subject to the provisions of the Partnership Agreements, the relevant General Partner is permitted to fund the making of investments or pay Fund expenses or organizational expenses with proceeds from drawdowns under one or more credit facilities (the collateral for which can be, for example, the undrawn Commitments of investors, i.e., subscription lines) prior to calling Commitments. For administrative convenience, capital calls, including those used to pay interest on subscription lines and other indebtedness, may be "batched" together into larger, less frequent capital calls (generally on a quarterly basis, although actual timing and amounts may vary), with a Fund's interim capital needs being satisfied by such Fund borrowing money from such credit facilities. The interest expense, unused commitment fees on the committed but unfunded portion of a subscription line, an upfront fee for establishing a subscription line, and other one-time and recurring fees and/or expenses, as well as legal fees relating to the establishment, structuring and negotiation of the terms of the borrowing facility, as well as expenses relating to maintaining, renegotiating or terminating the facility will be Fund expenses and, accordingly, are expected to decrease net returns of such Fund. Because a subscription line's interest rate is based in part on the creditworthiness of the Limited Partners and the terms of the Partnership Agreements, it may be higher than the interest rate a Limited Partner could obtain individually. To the extent a particular Limited Partner's cost of capital is lower than the relevant Fund's cost of borrowing, Fund-level borrowing can negatively impact a Limited Partner's overall individual financial returns even if it increases such Fund's reported net returns in certain methods of calculation. To the extent a subscription facility is due upon demand by a lender, such a demand may be issued at an

inopportune time at which liquidity is generally constrained, potentially resulting in greater defaults as a result of liquidity constraints on Limited Partners and/or Limited Partners facing similar capital calls in multiple funds and being unable to satisfy all such demands simultaneously. Finally, the existence of a subscription facility may impair a Limited Partner's ability to transfer its interest in a Fund as a result of restrictions imposed on such transfers by the lender. Interest may accrue on any such outstanding borrowings at a rate lower than a Fund's preferred return, which will begin accruing when capital contributions to fund such investments, or repay borrowings used to fund such investments, are actually made (or, if made earlier, due) to such Fund. As a result, the use of a subscription facility with respect to investments and ongoing capital needs may accelerate a Fund's preferred return received by the Limited Partners and accelerate distributions of carried interest to the relevant General Partner. As a general matter, use of leverage in lieu of drawing down Commitments amplifies internal rate of returns (either negative or positive) to Limited Partners and thereby may be deemed to benefit the marketing efforts of the General Partners and its affiliates. In light of the foregoing, if a General Partner is able to secure financing at an attractive rate, such General Partner has an incentive to fund the acquisition and ongoing capital needs of investments and the relevant Fund with the proceeds of such borrowings in lieu of drawing down Commitments on a just-in-time basis. In other circumstances, the use of Fund-level borrowing can increase the base of the applicable Fund's Management Fee calculation, such as during periods where Management Fees are based in whole or in part on an acquisition cost that includes a borrowing component. The use of Fund-level borrowing arrangements, and the repayment or non-repayment thereof, can also influence the determination of the end of the relevant Fund's investment period, and cause or defer a related change in the basis of such Fund's Management Fee calculation under its governing documents. Conflicts of interest also have the potential to arise to the extent that a subscription line is used to make an investment that is later sold in part to co-investors (including one or more co-investing funds sponsored by the General Partners or their respective affiliates), as to the extent co-investors are not required to act as guarantors under the relevant facility or pay related costs or expenses (including origination fees), co-investors nevertheless stand to receive the benefit of the use of the subscription line and neither the Funds nor investors generally will be compensated for providing the relevant guarantee(s) or being subject to the related costs, expenses and/or liabilities.

A credit agreement or borrowing facility frequently will generally contain other terms that restrict the activities of the Funds and the Limited Partners or impose additional obligations on them. For example, certain lenders or facilities are expected to impose restrictions on the General Partners' ability to consent to the transfer of a Limited Partner's interest in the Funds or impose concentration or other limits on the Funds' investments, and/or financial or other covenants that could affect the implementation of the Funds' investment strategy. In addition, in order to secure a subscription line, the General Partners may request certain financial information and other documentation from Limited Partners to share with lenders. The General Partners will have significant discretion in negotiating the terms of any subscription line and may agree to terms that are not the most favorable to one or more Limited Partners. In certain circumstances, due to separate evaluations of creditworthiness by lenders or facility providers, a portfolio company or other Fund subsidiary is expected to bear higher rates under a borrowing facility than are borne by the relevant Fund, resulting in a potential net benefit to such Fund, or additional potential liquidity constraints or other burdens on the relevant portfolio company or Fund subsidiary.

Fund-level borrowing involves a number of additional risks. For example, drawing down on a subscription line allows the General Partners to fund investments and pay Fund expenses

without calling capital, potentially for extended periods of time. To the extent provided in the Partnership Agreements, any such borrowing is permitted to remain outstanding for such time as the relevant General Partner deems appropriate, potentially including through disposition of such investment, and the interest expense and other costs of any such borrowings will be Fund expenses that decrease net returns of the relevant Fund. Calling a large amount of capital at once to repay the then-current amount outstanding under a subscription line could cause short term liquidity concerns for Limited Partners that would not arise had the relevant General Partner called smaller amounts of capital incrementally over time as needed by the relevant Fund. This risk would be heightened for a Limited Partner with commitments to other funds that employ similar borrowing strategies or with respect to other leveraged assets in its portfolio; a single market event could trigger simultaneous capital calls, requiring the Limited Partner to meet the accumulated, larger capital calls at the same time. Each General Partner is authorized to use Fund-level borrowing to pay Management Fees and to reimburse Forward for expenses incurred on behalf of the relevant Fund. Each Fund is also permitted to utilize Fund-level borrowing when the relevant General Partner expects to repay the amount outstanding through means other than Limited Partner capital, including as a bridge for equity or debt capital with respect to an investment. If a Fund ultimately is unable to repay the borrowings through those other means, Limited Partners would end up with increased exposure to the underlying investment, which could result in greater losses.

To the extent that a Fund is unable to obtain a subscription line, or the relevant General Partner determines that the terms of such facility would not be appropriate for such Fund or otherwise determines not to use such facility or access to such facility otherwise becomes unavailable, the relevant General Partner is permitted to (i) borrow or otherwise receive an advance from the Management Company or one or more of its affiliates, with any amounts so borrowed or advanced in accordance with the terms of the Partnership Agreement or (ii) determine to draw down Commitments in advance and hold them in reserve in order to make investments, satisfy fees and expenses and other capital needs as such needs arise in the future.

*No Market for Interests; Restrictions on Transfer; No Right of Withdrawal.* Limited Partner interests in each Fund generally are not permitted to be transferred, sold, assigned, pledged or otherwise encumbered without the prior written consent of the relevant General Partner, which may be withheld pursuant to the relevant Partnership Agreement, and such General Partner reserves the right to restrict the volume of transfers permitted in any calendar year in order to comply with certain safe harbors under the tax regulations promulgated under the Code. Voluntary withdrawals from a Fund will not be permitted except in very limited circumstances generally involving situations where retaining an interest in such Fund would violate certain laws or regulations. In addition, interests in the Funds are not redeemable. There will be no public market for interests in the Funds, and none is expected to develop. There are substantial restrictions upon the transferability of interests in the Funds under the Partnership Agreements and applicable securities laws. Each Limited Partner will be required to represent that it is a qualified investor under applicable securities laws and that it is acquiring its interest for investment purposes and not with a view to resale or distribution. Further, each Limited Partner must represent that it will only sell or transfer its interest with prior written consent from the relevant General Partner to a qualified investor under applicable securities laws and in a manner permitted by the relevant Partnership Agreement and consistent with those laws. Interests in the Funds have not been registered under the Securities Act, the securities laws of any U.S. state or the securities laws of any non-U.S. jurisdiction and therefore cannot be resold unless they are subsequently registered under the Securities Act and other applicable securities laws, or unless an exemption from registration

is available. It is not contemplated that registration of the interests in the Funds will ever be effected. Consequently, Limited Partners may not be able to liquidate their investments prior to the end of the relevant Fund's term and must be prepared to bear the risks of an investment in the Fund for an extended period of time.

*Investments Longer than Term.* Each Fund is permitted to make investments that may not be advantageously disposed of prior to the date such Fund is dissolved, either by expiration of such Fund's term or otherwise, or such Fund's term may be extended to facilitate the wind-down of such Fund in accordance with the relevant Partnership Agreement. Each General Partner has a limited ability under the relevant Partnership Agreement to extend the term of the relevant Fund, and it is possible that such Fund would have to sell, distribute or otherwise dispose of investments at a disadvantageous time as a result of dissolution. To the extent that such investments are held in trust, the trust may incur operating and formation expenses. In addition, there can be no assurances with respect to the timeframe in which the winding-up and the final distribution of proceeds to the Partners will occur.

*Distributions in-Kind.* Generally, there will be no readily available market for Fund investments, and hence, most of the Funds' investments will be difficult to value. Although, under normal circumstances, prior to the termination of a Fund, such Fund intends to make distributions in cash or marketable securities, it is possible that under certain circumstances (including the winding-up of such Fund), distributions of investments for which there is no readily available public market and/or which may be subject to substantial restrictions on sale or transfer may be made in-kind. It may be difficult for Limited Partners to liquidate the investments received at a price or within a time period that is determined thereby to be ideal, and significant administrative burden may be involved. After a distribution of investments is made, the recipients may decide to liquidate such investments within a short period of time, which could have an adverse impact on the price of such investments. Limited Partners in receipt of a distributed investment will have no guidance from the Funds or the General Partners with respect to disposition of such investment (including timing of such disposition). The price at which such investments may be sold by such Limited Partners may be lower than the value of such investments determined pursuant to the Partnership Agreement, including the value used to determine the amount of carried interest accruing to the General Partner with respect to such investment. In addition, the direct holding of certain investments may subject the holder to suit or taxes in jurisdictions in which such investments are located.

*Reliance on the General Partners and Portfolio Company Management.* Control over the operation of the Funds, including decisions with respect to structuring, negotiating and purchasing, financing and eventually divesting investments on behalf of the Funds, will be vested with the Managers. Consequently, each Fund's future profitability and investment performance will depend largely upon the business and investment acumen of the Principals. The loss or reduction of service of one or more of the Principals could have an adverse effect on each Fund's ability to realize its investment objectives. In addition, success of each Fund will depend, in large part, upon the skill and experience of Forward's investment professionals. Over the life of each Fund, Forward expects to hire additional investment professionals and certain of its existing investment professionals could leave the Firm. There is competition among alternative asset firms, financial institutions, private equity firms, investment managers and other industry participants with respect to hiring and retaining qualified investment professionals. If Forward is unable to hire qualified investment professionals, or if any of Forward's existing investment professionals join or form a competing firm, become incapacitated or in some other way cease to participate in investment activities of a Fund, such Fund's performance could be adversely affected. Moreover, the Principals currently, and

expect in the future to, manage or advise other investments and/or investment funds besides the Funds and the Principals expect they will need to devote substantial amounts of their time to the investment activities of such other investments and/or funds, which will pose potential conflicts of interest in the allocation of the time of the Principals. Limited Partners generally will have no right or power to take part in the management of the Funds, and as a result, the investment performance of the Funds will depend on the actions of the Managers. In addition, certain changes in the General Partners or circumstances relating to the General Partners may have an adverse effect on the Funds or one or more of their respective portfolio companies, including potential acceleration of debt facilities. Furthermore, there can be no assurance that any Fund's investments will achieve results similar to those attained by previous investments of the Principals. In addition, each Fund's investments may differ from previous investments made by the Principals in a number of respects, including target return levels, level of risk associated with a particular investment, amount invested in a particular company, types of companies within a particular industry sector, amount of leverage used, structure and holding period.

The success of many of the Funds' portfolio companies is heavily dependent on the management of such companies. Each portfolio company's day-to-day operations will be the responsibility of such portfolio company's management team. Additionally, the General Partners will generally establish the capital structure of companies in which the Funds invest on the basis of financial projections for such companies, which will contain significant judgment and input from the portfolio company management team. Although the General Partners will be responsible for monitoring the performance of each portfolio investment and the Funds generally intend to invest in companies with strong management or recruit strong management to such companies, there can be no assurance that the existing management team, or any successor, will be able or willing to successfully operate a company in accordance with the Funds' objectives. Portfolio companies may need to attract, retain and develop executives and members of their management teams. The market for executive talent can be extremely competitive. There can be no assurance that the management team of a portfolio company on the date a portfolio investment is made will remain the same or continue to be affiliated with the company throughout the period the portfolio company is held by the Funds. There can be no assurance that portfolio companies will be able to attract, develop, integrate and retain suitable members of its management team and, as a result, the Funds may be adversely affected thereby.

*Projections.* Projected operating results of a company in which a Fund invests normally will be based primarily on financial projections prepared by such company's management, with adjustments to such projections made by the relevant General Partner in its discretion. In all cases, projections are only estimates of future results that are based upon information received from the company and third parties and assumptions made at the time the projections are developed. The inaccuracy of certain assumptions, the failure to satisfy certain financial requirements and the occurrence of other unforeseen events could impair the ability of a portfolio company to realize projected values. 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, general economic factors, which are not predictable, can have a material effect on the reliability of projections.

*Risks in Effecting Operating Improvements.* In some cases, the success of a Fund's investment strategy will depend, in part, on the ability of the Fund 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 personnel and disrupt normal business. There can be no assurance that the Funds 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 relevant General Partner will typically conduct such due diligence as it deems reasonable and appropriate based on the facts and circumstances applicable to each investment. Due diligence can entail, among other things, 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 may be involved in the due diligence process to varying degrees depending on the type of investment and the facts and circumstances related thereto and the relevant General Partner may rely on the advice received from such third parties. Investment analyses and decisions by the relevant General Partner will often be undertaken on an expedited basis in order for a Fund to take advantage of investment opportunities and/or consummate investments. In such cases, the information available to such General Partner at the time of an investment decision may be limited, and such General Partner may not have access to the detailed information necessary for a full evaluation of the investment opportunity. The due diligence investigation carried out with respect to any investment opportunity will not reveal or highlight all relevant facts that may be necessary or helpful in evaluating such investment opportunity. Moreover, such an investigation will not necessarily result in an investment being successful or even ensure a return on invested capital.

*Growth Equity Transactions.* The Funds reserve the right to target growth-equity investments. While growth equity investments offer the opportunity for significant capital gains, such investments have the potential to involve a higher degree of business and financial risk that can result in substantial or total loss. Growth-equity portfolio companies may operate at a loss or with substantial variations in operating results from period to period, and many will need substantial additional capital to support additional research and development activities or expansion, to achieve or maintain a competitive position, and/or to expand or develop management resources. Growth-equity portfolio companies may face intense competition, including from companies with greater financial resources, better brand recognition, more extensive development, marketing and service capabilities and a larger number of qualified managerial and technical personnel.

*Investments in Smaller or Less Established Companies.* The Funds are permitted to invest all or a portion of their respective assets in the securities of smaller or less established companies including early-stage companies. Portfolio investments in such smaller or less established companies will potentially involve greater risks than those generally associated with investments in larger or more established companies. Such companies are typically subject to a greater degree of change in earnings and business prospects than companies with larger market capitalizations. In addition, such securities typically trade in lower volume and are more volatile than the securities of companies with larger market capitalizations. To the extent there is any public market for the securities held by the Funds, such securities may be subject to more abrupt and erratic market price movements than those of larger, more established companies. Smaller or less established companies tend to have lower capitalizations and fewer resources and, therefore, often are more vulnerable to financial failure. Such companies also may have shorter operating histories on which to judge future performance and in many cases, if operating, will have negative cash flow. In the case of start-up enterprises, such companies may not have significant or any operating revenues.



Investments in smaller or less established companies could be more susceptible to irregular accounting or other fraudulent practices. In the event of fraud by any company in which a Fund invests, the relevant Fund may suffer a partial or total loss of capital invested in that company. Some of the portfolio investments expected to be made by the Funds should be considered highly speculative and may result in the loss of the relevant Fund's entire investment therein. There can be no assurance that any such losses will be offset by gains (if any) realized on the relevant Fund's other investments. Furthermore, smaller or less established companies may not have the operating history that would allow the relevant General Partner to make objective pricing decisions in acquiring these companies, and the purchase prices of these companies are expected to be based largely upon projections as to the expected operating results of such companies, subjecting the relevant Fund to risks that such companies may not achieve anticipated operating results or may not achieve these results within anticipated time frames. Additionally, such smaller or less established companies can carry an increased risk of litigation.

*Investments in Middle-Market Companies.* The Funds are permitted to invest in middle-market companies. Although investments in middle-market companies may present greater opportunities for growth, such investments may also entail larger risks than are customarily associated with investments in larger companies. Middle-market companies may have relatively limited product lines, markets, and financial and other resources. As a result, such companies may be more vulnerable to general economic trends and to specific changes in markets and technology. In addition, future growth may be dependent on additional financing, which may not be available on acceptable terms when required. Further, there is ordinarily a more limited marketplace for the sale of securities in smaller, private companies, which may make realizations of investments in such companies more difficult. In addition, the relative illiquidity of private equity investments generally, and the somewhat greater illiquidity of private investments in middle-market companies, could make it difficult for the Funds to react quickly to negative economic or political developments.

*Conflicting Investor Interests.* Limited Partners are expected, from time to time, to have conflicting investment, tax, and other interests with respect to their investments in a Fund, including conflicts relating to the structuring and timing of investment acquisitions and dispositions. As a consequence, potential conflicts of interest are expected, from time to time, to arise in connection with decisions made by a General Partner regarding an investment that may be more beneficial to one Limited Partner than another, especially with respect to tax matters. In structuring, acquiring and disposing of investments, a General Partner generally will consider the investment, tax and other relevant objectives of the relevant Fund and its Partners as a whole, not the investment, tax, or other objectives of any Limited Partner individually. Additionally, certain limited partner(s) may be granted rights to have access to portfolio company management, influence over governance issues and/or a voting or observer seat on the board of directors or other similar governing body of one or more portfolio companies, and by virtue of having such access, influence or seat, may have a conflicting interest in exercising its voting rights at the relevant Fund level and/or portfolio company board level. To the extent any limited partner has a voting seat on the board of directors or other similar governing body of a portfolio company, Forward may, depending on the number of seats it holds, have less control of such board or similar body than would otherwise be the case given such limited partner's own interest that may not be aligned with the interest of Forward, the relevant Fund and/or other limited partners of such Fund.

*Enhanced Scrutiny and Certain Effects of Potential Regulatory Changes.* There continue to be discussions regarding enhanced governmental scrutiny and/or increased regulation of the

private equity industry. There can be no assurance that any such scrutiny or regulation will not have an adverse impact on a Fund's activities, including the ability of a Fund to effectively and timely address such regulations, implement operating improvements or otherwise execute its investment strategy or achieve its investment objectives.

The combination of such scrutiny of private equity firms (along with other alternative asset managers) and their investments by various politicians, regulators and market commentators, and the public perception that certain alternative asset managers, including private equity firms, contributed to the recent downturn in the United States and global financial markets, may complicate or prevent a Fund's efforts to structure, consummate and/or exit investments, both in general and relative to competing bidders outside of the alternative asset space. As a result, a Fund may invest in fewer transactions or incur greater expenses or delays in completing or existing investments than it otherwise would have.

Moreover, legal, tax and regulatory changes could occur during the term of the Fund that may adversely affect the Fund, its portfolio investments or Partners. For example, from time to time the market for private equity transactions has been adversely affected by a decrease in the availability of senior and subordinated financing for transactions, in part in response to regulatory pressures on providers of financing to reduce or eliminate their exposure to such transactions. The Fund reserves the right to make portfolio investments that are subject to a highly regulated environment, extensive legal and regulatory restrictions and limitations and to supervision, examination and enforcement by regulatory authorities. New and existing regulations and burdens of regulatory compliance could directly impact the business and results of the operations of, or otherwise have a material adverse effect on, portfolio investments that are subject to regulation. Failure to comply with any of these laws, rules and regulations, some of which are subject to interpretation and may be subject to change, could result in a variety of adverse consequences, including civil penalties and fines, which could have material adverse effects.

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

As private equity firms and other alternative asset managers become more influential participants in the U.S. and global financial markets and economy generally, the private equity industry has recently been subject to criticism by some politicians, regulators and market commentators. Elements of organized labor and other representatives of labor unions have embarked on a campaign targeting private equity firms on a variety of matters of interest to organized labor, including with respect to affording favorable treatment or significant deference to organized labor and labor unions in dealings with portfolio companies. There

can be no assurance that the foregoing will not have an adverse impact on Forward or the Fund or otherwise impede the Fund's activities.

*Need for Follow-On Investments.* Following an initial investment in a given portfolio company, the Funds reserve the right to decide to provide additional funds to such portfolio company and/or its subsidiaries or may have the opportunity to increase its investment in a successful portfolio company (whether for opportunistic reasons, to fund the needs of the business, as an equity cure under applicable debt documents or for other reasons). There can be no assurance that the relevant Fund will make follow-on investments or that the relevant Fund will have sufficient funds available to make all or any of such investments or that the relevant Fund will otherwise be permitted to make follow-on investments in light of investment size-related investment limitations set forth in the relevant Partnership Agreement. Any decision by the relevant Fund not to make follow-on investments or its inability to make such investments could have a substantial negative effect on a portfolio company in need of such an investment (including an event of default under applicable debt documents in the event an equity cure cannot be made) or may result in a lost opportunity for the relevant Fund to increase its participation in a successful operation. Additionally, such failure to make such investments could result in a lost opportunity for the relevant Fund to increase its participation in a successful portfolio company or the dilution of the relevant Fund's ownership in a portfolio company if a third party invests in such portfolio company. In addition, certain of a Fund's portfolio investments, particularly those in "platform" phase, may need additional capital to sustain their working capital needs and/or acquisition strategies. The amount of such additional capital needed will depend upon the maturity and objectives of the particular portfolio company. Each such round of financing (whether from the relevant Fund or other investors) is typically intended to provide a portfolio company with enough capital to reach the next major corporate milestone. If the capital provided by the relevant Fund is not sufficient, or if the relevant Fund is unable to provide additional capital, a portfolio company could have to raise further capital at a price unfavorable to existing investors, including the relevant Fund. To the extent a portfolio company in which the relevant Fund invested receives additional funding in subsequent financings and the relevant Fund does not participate.

*Over-Commitment.* In order to facilitate the acquisition of a portfolio company, a Fund may make (or commit to make) an investment in such company with a view to selling a portion of such investment to co-investors or other persons prior to or within a brief period after the closing of the acquisition. In such event, the relevant Fund will bear the risk that any or all of the excess portion of such investment may not be sold or may only be sold on unattractive terms and that, as a consequence, the relevant Fund may bear the entire portion of any break-up fee or other fees, costs and expenses related to such investment, hold a larger than expected investment in such portfolio company or may realize lower than expected returns from such investment.

*Non-U.S. Investments.* Each Fund reserves the right to invest a portion of the Fund's aggregate Commitments in portfolio companies that are organized or headquartered or have substantial sales or operations outside of the United States, its territories, and possessions. Investments in non-U.S. securities or instruments involve certain factors not typically associated with investing in U.S. securities and instruments, including risks relating to (i) currency exchange matters, including fluctuations in the rate of exchange between the U.S. dollar and the various non-U.S. currencies in which the Fund's non-U.S. investments are denominated (including risks associated with potentially rapid inflation), and costs associated with conversion of investment principal and income from one currency into another; (ii) exposure to fluctuations

in interest rates payable with respect to the instruments in which the Fund invests; (iii) differences in conventions relating to documentation, settlement, corporate actions, stakeholder rights and other matters; (iv) differences between the U.S. and non-U.S. securities markets, including potential price volatility in and relative illiquidity of some non-U.S. securities markets; (v) the absence of uniform accounting, auditing, and financial reporting standards, practices and disclosure requirements, and less or more government supervision and regulation; (vi) certain economic, social and political risks, including potential exchange control regulations and restrictions on non-U.S. investment and repatriation of capital, the risks of political, economic, governmental or social instability, including the risk of sovereign defaults, regulatory change, and the possibility of expropriation or confiscatory taxation; (vii) the possible imposition of non-U.S. taxes on income, gains and gross sales or other proceeds recognized with respect to such securities or instruments; (viii) potential unsettled points of applicable governing law and the application of complex U.S. and non-U.S. tax rules to cross-border investments; (ix) possible non-U.S. tax return filing requirements for the Fund and/or the Partners; (x) differing and potentially less well-developed or well-tested corporate laws regarding stakeholder rights, creditors' rights (including the rights of secured parties), fiduciary duties and the protection of investors; (xi) differences in the legal and regulatory environment or enhanced legal and regulatory compliance; (xii) political hostility to investments by foreign or private equity investors; and (xiii) less publicly available information.

*Bridge Financings.* The Funds are permitted to lend or make other contributions to one or more of their respective portfolio companies on a short-term, unsecured basis in anticipation of a future issuance of equity or long-term debt securities or other refinancing or syndication. Such bridge financings would typically be convertible into a more permanent, long-term equity or debt security; however, including for reasons not always within the relevant Fund's control, such long-term securities may not be issued and such bridge financings may remain outstanding. In such event, the interest rate, coupon or other return on such loans or other contributions generally would not adequately reflect the risk associated with the unsecured position taken by the relevant Fund.

*Hedging Arrangements; Related Regulations.* The General Partners reserve the right to (but are not obligated to) endeavor to manage the Funds' or any portfolio company's currency exposures, interest rate exposures or other exposures, using hedging techniques where available and appropriate. The Funds may incur 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 the relevant Fund 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 the relevant Fund to additional liquidity risks if such contracts cannot be adequately settled. Certain hedging arrangements may create for a General Partner and/or one of its affiliates an obligation to register with the CFTC or other regulator or comply with an applicable exemption. Losses may result to the extent that the CFTC or other regulator imposes position limits or other regulatory requirements on such hedging arrangements, including under circumstances where the ability of the relevant Fund or a portfolio company to hedge its exposures becomes limited by such requirements.

*Significant Adverse Consequences for Default.* The Partnership Agreements provide for significant adverse consequences in the event a Limited Partner defaults on its Commitment or any other payment obligation. In addition to losing its right to potential distributions from the relevant Fund, a defaulting Limited Partner may be forced to transfer its interest in the relevant Fund for an amount that is less than the fair market value of such interest and that may be paid over an extended period of time, without interest. Whether and how to exercise the relevant General Partner's remedies against a defaulting Limited Partner will be in the sole discretion of the relevant General Partner, and the relevant General Partner reserves the right to require the non-defaulting Limited Partners of the relevant Fund to contribute capital to make up for the shortfall created by such defaulting Limited Partner.

*Impacts of Excuse or Exclusion.* A Limited Partner's participation in the relevant Fund's investments may be limited by virtue of the relevant General Partner's right to exclude a Limited Partner from, or a Limited Partner's rights to be excused from or a regulatory or other requirement to exclude a Limited Partner from, participating in certain of the relevant Fund's investments as set forth in the relevant Partnership Agreement, thereby increasing the participation of other Limited Partners and increasing such other Limited Partners' concentration with respect to such Fund investments. As a consequence of one or more Limited Partners being excused or excluded or other factors limiting their participation in investments, the aggregate returns realized by the participating Limited Partners could be adversely affected in a material manner by the unfavorable performance of even one investment by the Fund.

*Dilution.* Limited Partners admitted or that increase their respective Commitments to a Fund at subsequent closings generally will participate in then-existing investments of the relevant Fund, thereby diluting the interest of existing Limited Partners in such investments. Although any such new Limited Partner will be required to contribute its pro rata share of previously made capital contributions plus an additional amount, there can be no assurance that this contribution will reflect the fair value of the relevant Fund's existing investments at the time of such contributions.

*Side Letters.* The General Partners and/or the Funds reserve the right to enter into side letter or similar written agreements ("**Side Letters**") with one or more Limited Partners without any further act, vote or the approval of any other Limited Partners, which would have the effect of establishing rights under, altering or supplementing the terms of, or confirming the interpretation of an applicable Fund document (including the relevant Partnership Agreement and any related subscription agreement) with respect to such Limited Partners in a manner more favorable to such Limited Partner than those applicable to other Limited Partners, and such rights may be significant. Forward is likely to have its own economic and/or other business incentives to provide certain terms to certain Limited Partners (e.g., based on commitment amount to a Fund or the timing thereof, the ability of the Limited Partner to provide sourcing or other services to Forward, its affiliates and personnel or other investment funds or vehicles managed or advised by Forward), or the potential to establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to Forward, its affiliates and personnel, or a Fund. Further, side letters may also relate to strategic relationships under which an investor agrees to make commitments to multiple Funds or vehicles managed or advised by Forward. These Side Letters could entitle a Limited Partner to make an investment in a Fund with different or preferential rights or terms, including but not limited to, (i) different fee structures, including discounted or rebated compensation terms, more favorable management fee and other economic arrangements (including discounts and terms applicable in exchange for closing by a specified deadline,

making Commitment of a certain size or other parameters) with respect to such Limited Partners; (ii) excuse or exclusion rights applicable to particular investments or withdrawal rights from the relevant Fund, including without limitation, as a result of a Limited Partner's specific policies or certain violations of federal, state or non-U.S. laws, rules or regulations, such as so-called "pay-to-play" rules with respect to public pension plan investors (which may materially increase the percentage interest of other Limited Partners in, and their contribution obligations, for future investments and expenses, and reduce the overall size of the relevant Fund); (iii) the relevant General Partner's agreement to extend certain information rights or additional reporting (including customized reports) to such Limited Partner, including, without limitation, to accommodate special regulatory or other circumstances of such Limited Partner, which will be time-consuming, divert the attention of personnel and the management teams of the relevant General Partner and its affiliates and the costs of which will be borne by the relevant Fund and are likely to be material, including on a cumulative basis over the life of the relevant Fund; (iv) waiver of certain confidentiality obligations; (v) prior consent of the relevant General Partner to certain transfers by such Limited Partner or other exercises by the General Partner of its discretionary authority under the relevant Partnership Agreement for the benefit of such Limited Partner; (vi) restrictions on, or special rights of such Limited Partner with respect to the activities of the relevant General Partner; (vii) special priorities, rights and economic and other terms with respect to co-investment allocation and participation, as well as economic terms in respect of co-investments; (viii) rights or terms necessary in light of particular legal, arbitration, regulatory or policy characteristics of a Limited Partner (including with respect to limitations on the ability to provide indemnification); (ix) certain adjustments with respect to economic provisions (including potential mandatory waivers of compensation as a result of certain violations of law with regard to public pension plan investors); (x) additional obligations and restrictions of the relevant General Partner and the relevant Fund with respect to the structuring of any particular investment in light of the legal, tax, accounting and regulatory considerations of particular Limited Partners (including with respect to alternative investment vehicles); (xi) agreements to assist with the taking or defending of tax positions; (xii) the right of the relevant General Partner to waive any requirements of Limited Partners to execute acknowledgements or other documents in connection with any subscription line or other credit facility; (xiii) certain obligations or restrictions on the relevant General Partner with respect to the exercise of its discretion on certain matters, including amendments, exercising default remedies and waiving confidentiality or terms; (xiv) certain rights to have access to portfolio company management, influence over governance matters and/or be entitled a voting or observer seat on the board of directors or other similar governing body of one or more portfolio companies; (xv) agreement to various sovereign immunity, jurisdiction and venue provisions applicable to certain governmental, sovereign, or other types of investors on behalf of the relevant General Partner and/or the relevant Fund (which could limit the ability to initiate or maintain legal proceedings against certain Limited Partners in certain jurisdictions); and (xvi) the General Partner's agreement to different (including higher) fiduciary standards or local-law equivalents with respect to the assets of a Limited Partner invested in the Fund (which may cause the relevant General Partner and the Management Company to act more conservatively than would otherwise be the case). Except where required by the relevant Offering Documents, the General Partners shall not be under any obligation to give the Limited Partners notice or copies of any Side Letters entered into or related provisions. As a general matter, the General Partners will not be required to offer additional or different rights or terms to any or all of the other Limited Partners, and the other investors have no recourse against the Funds, the General Partners or any of their affiliates in the event that certain investors have received such additional and/or different rights and/or terms as a result of such Side Letters. Side Letters subject Forward to potential conflicts of

interest, including in circumstances where an Investor's right to serve on a Fund's advisory council 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.

*Public Company Holdings.* The Funds' investment portfolios are permitted to contain securities and debt issued by publicly held companies. Such investments may subject the Funds to risks that differ in type or degree from those involved with investments in privately held companies. Such risks include greater volatility in the valuation of such companies, increased obligations to disclose information regarding such companies, limitations on the ability of the Funds to dispose of such securities and debt at certain times, increased likelihood of shareholder litigation and insider trading allegations against such companies' executives and board members, including the Principals, and increased costs associated with each of the aforementioned risks.

*Non-Controlling Investments.* The Funds reserve the right to hold meaningful minority stakes in privately held companies and in some cases may have limited minority protection rights in connection with such minority stakes. In addition, during the process of exiting investments, a Fund 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 that a Fund may hold will have neither the control characteristics of majority stakes nor the valuation premiums accorded majority or controlling stakes. To the extent a Fund 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 and/or entities 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 relevant Fund or the Limited Partners. Such third parties may be in a position to take action contrary to the relevant Fund's business, tax or other interests, and the relevant Fund may not be in a position to limit such contrary actions or otherwise protect the value of its investment. When taking non-control positions, a Fund generally will seek to negotiate certain negative controls and veto rights on major decisions, but there can be no assurance that the relevant Fund will be able to control the timing or occurrence of an exit strategy for such portfolio companies in a manner that maximizes or protects value. Where a Fund holds a minority stake, it may be more difficult for the relevant Fund to liquidate its interests than it would be had the relevant Fund owned a controlling interest in such company. Even if the relevant Fund has contractual rights to seek liquidity of the Fund's minority interests in such companies, it may be very difficult to sell such interests or seek a sale of such company upon terms acceptable to the relevant Fund, especially in cases where the interests of the other investors in such company have different business and investment objectives and goals.

*Uncertain Economic, Social and Political Environment.* Consumer, corporate and financial confidence may be adversely affected by current or future tensions around the world, fear of terrorist activity and/or military conflicts, localized or global financial crises, virus or disease epidemics 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 the Funds and their

respective 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 by the Funds and result in longer holding periods for investments. Furthermore, such uncertainty or general economic downturn may have an adverse effect upon the Funds' portfolio companies.

*General Economic and Market Conditions.* The private equity industry generally and the success of the Funds' investment activities specifically will be affected by general economic and market conditions, as well as by changes in laws, currency exchange controls, and national and international political and socioeconomic circumstances. Such factors are unpredictable and cannot be controlled by the General Partners. An extended downturn in the U.S. or global economy (or any particular segment thereof) could adversely affect a Fund's profitability, impede the ability of a Fund's portfolio companies to perform under or refinance their existing obligations, and impair a Fund's ability to effectively exit its portfolio investment on favorable terms. Any of the foregoing events could result in substantial or total losses to the relevant Fund in respect of certain portfolio investments, which losses will likely be exacerbated by the presence of leverage in a portfolio company's capital structure. Moreover, governmental measures undertaken in response to such turmoil (whether regulatory or financial in nature) may have a negative effect on market conditions. General fluctuations in the market prices of securities and economic conditions generally may reduce the availability of attractive investment opportunities for a Fund and may affect a Fund's ability to make investments. Instability in the securities markets and economic conditions generally (including a slow-down in economic growth and/or changes in interest rates or foreign exchange rates) may also increase the risks inherent in a Fund's investments and could have a negative impact on the performance and/or valuation of the relevant Fund's portfolio companies. The Funds' performance can be affected by deterioration in the capital markets and by market events, including events similar to the credit crisis in the summer of 2007, the downgrading of the credit rating of the U.S. in 2011 or other downturns in the U.S. global financial markets, which, among other things, can impact the public market comparable earnings multiples used to value privately held portfolio companies and investors' risk-free rate of return. Movements in foreign exchange rates may adversely affect the value of investments in portfolio companies and the Funds' performance. Volatility and illiquidity in the financial sector may have an adverse effect on the ability of the Funds to sell and/or partially dispose of their portfolio company investments. Such adverse effects may include the requirement of a Fund to pay break-up, topping, termination or other fees and expenses in the event the relevant Fund is not able to close a transaction (whether due to the lenders' unwillingness to provide previously committed financing or otherwise) and/or the inability of the relevant Fund to dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments. The impact of market and other economic events may also affect the Funds' ability to obtain funding to support its investment objective. In addition, investments in United Kingdom based businesses may be impacted by the legal and economic uncertainty generally resulting from the recent exit of the United Kingdom from the European Union.

*Significant Developments Stemming From Global Political Climate and U.S. Foreign Relations.* The Management Company cannot predict how other countries will respond to the current U.S. presidential administration's actions. For example, whether legislation or regulations that would have adverse impacts on the Funds or their respective investments may be passed in other jurisdictions in response or related to any measures that may be imposed by the current U.S. presidential administration, including the imposition of tariffs on U.S. goods imported into such jurisdictions, increased inspections on U.S. companies, delays on approvals



for mergers and acquisitions involving U.S. companies, preferential treatment of non-U.S. companies, media campaigns against U.S. companies and/or goods and delays on license approvals in such jurisdictions. Moreover, social media has the potential to influence public sentiment and escalate tensions, which could negatively impact stock markets and economics around the globe and the Funds' investments.

In addition, changes in U.S. social, political, regulatory and economic conditions or in laws and policies governing the financial services industry, foreign trade, manufacturing, outsourcing, development and investment in the territories and countries or types of investments in which the Funds may invest, and anywhere the Fund may invest, and any negative sentiments towards the United States as a result of such changes, also could adversely affect the performance of the Funds' investments. In addition, negative sentiments toward the United States among non-U.S. customers and among non-U.S. employees or prospective employees could adversely affect sales or hiring and retention, respectively, in portfolio investments.

There will be a Presidential Election in 2024, and a new administration may be elected. Neither Forward, the General Partners nor the Funds or their respective affiliates can predict the ultimate impact of the next Presidential election on the Fund, its portfolio companies, or the private equity industry generally, and any prolonged uncertainty could also have an adverse impact on the Funds and their investment objectives.

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

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

The ultimate impact of any such health emergency — and any resulting decline in economic and commercial activity — on global economic conditions, and on the operations, financial condition and performance of any particular industry or business, is impossible to predict, but could have a significant adverse impact and result in significant losses to the Fund. The extent of the impact on the Funds and their respective portfolio companies' operational and financial performance will depend on many factors, all of which are highly uncertain and cannot be predicted, and this impact may include significant reductions in revenue and growth, unexpected operational losses and liabilities, impairments to credit quality and reductions in

the availability of capital. These same factors have the potential to limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future, and governmental mitigation actions may constrain or alter existing financial, legal and regulatory frameworks in ways that are adverse to the investment strategy the Funds intend to pursue, all of which could adversely affect the Funds' abilities to fulfill their respective investment objectives. They may also impair the ability of portfolio companies or their counterparties to perform their respective obligations under debt instruments and other commercial agreements (including their ability to pay obligations as they become due), potentially leading to defaults with uncertain consequences. In addition, the operations of the Funds, their respective portfolio companies, the General Partners or the Management Company may be significantly impacted, or even temporarily or permanently halted, as a result of any such health emergencies, or any measures, restrictions, remote-working requirements and other factors related thereto, including its potential adverse impact on the health of any such entity's personnel. These measures may also hinder such entities' ability to conduct their affairs and activities as they normally would, including by impairing usual communication channels and methods, hampering the performance of administrative functions such as processing payments and invoices, and diminishing their ability to make accurate and timely projections of financial performance.

***Russia-Ukraine Conflict.*** On February 24, 2022, Russia launched an invasion of Ukraine that has resulted in an ongoing military conflict between the two countries (the "**Russia-Ukraine Conflict**"). The Russia-Ukraine Conflict has caused disruptions to the global financial system, international trade, and the transportation and energy sectors, among others. In response, multiple other countries have put in place global sanctions and other severe restrictions or prohibitions on the activities of certain individuals and businesses connected to Russia and/or Belarus. Private companies have also implemented restrictions that severely limit, and in some cases, reverse or cancel, business transactions in or involving certain individuals and/or businesses connected to or associated with Russia and/or Belarus. However, the ultimate impact of the Russia-Ukraine Conflict and its effect on global economic and commercial activity and conditions, and on the operations, financial condition and performance of the Fund or any particular industry, business, currency or country and the duration and severity of those effects, is impossible to predict.

The Russia-Ukraine Conflict may have a significant adverse impact on, and result in significant losses to, the Funds and their respective portfolio holdings. It may also limit the ability of the Funds to source, diligence and execute new investments and to manage, finance and exit investments in the future. Developing and further governmental actions (sanctions-related, military or otherwise) may cause additional disruption and constrain or alter existing financial, legal and regulatory frameworks and systems in ways that are adverse to the investment strategy that the Fund intends to pursue, all of which could adversely affect the Funds' abilities to fulfill their respective investment objectives.

***Additional Government or Market Regulation.*** Market disruptions and the dramatic increase in the capital allocated to alternative asset management during recent years have led to increased governmental as well as self-regulatory organization scrutiny of the private fund industry in general. In addition, certain legislation proposing greater regulation of the industry is periodically considered by Congress, as well as the governing bodies of various jurisdictions. It is impossible to predict what, if any, changes in the regulations applicable to the Funds, the General Partners, the markets in which they trade and invest or the counterparties with which they do business may be instituted in the future. Any such regulation could have a material

adverse impact on the profit potential of the Funds and increase the risk the Funds could be required to disclose the identities of the Limited Partners.

*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 the Management Company, its affiliates, the Funds, their respective 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 the Funds and/or any of their respective 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 such as the Funds to obtain favorable financing for investments, each Fund's ability to generate attractive investment returns may be adversely affected. Moreover, to the extent that such deterioration is not temporary and continues, it 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 deterioration also may restrict the ability of each Fund to realize its investments at favorable times or for favorable prices.

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

*Inflation Risk.* Inflation could potentially affect the Funds' performance in a number of ways. High rates of inflation and rapid increases in the rate of inflation generally have a negative impact on financial markets and the broader economy. In an attempt to stabilize inflation, governments may impose wage and price controls or otherwise intervene in a country's economy. Governmental efforts to curb inflation, including by increasing interest rates or reducing fiscal or monetary stimuli, often have negative effects on the level of economic activity. Certain countries, including the U.S., have recently seen increased levels of inflation, and persistently high levels of inflation could have a material and adverse impact on the Funds' investments and their respective aggregated returns. During periods of rising inflation, interest rates of any floating-rate instruments held by the Funds or issued by their subsidiaries could increase, which would tend to reduce returns for the Limited Partners. The market value of the Funds' investments could potentially decline in value in times of higher inflation rates. Some of the Funds' investments could have income linked to inflation, whether by regulation,

contractual arrangement or other means. However, as inflation could affect both income and expenses, any increase in income could potentially be insufficient to cover increases in expenses. Moreover, as inflation increases, the real value of the interests in the Funds and distributions therefrom can decline. If a Fund is unable to increase the revenue and profits of its investments at times of higher inflation, it could be unable to pay out higher distributions to the relevant General Partner and the Limited Partners to compensate for the relative decrease in the value of money, thereby affecting the expected return of Investors. The Funds could also be adversely affected if the market value of their investments decline during times of higher inflation.

*LIBOR and Other Benchmark Rates.* To the extent that (i) a Fund's investments (whether made, acquired or otherwise) and/or (ii) a Fund's and/or its affiliates' credit arrangements or facilities, hedging activities, derivative or other structures, in each case, are subject to, utilize or otherwise reference, whether directly or indirectly, a variable interest rate that is based on (or calculated with reference to) the London Interbank Offered Rate ("**LIBOR**", and together with the Euro Interbank Offered Rate, the Canadian Dollar Offered Rate, the Secured Overnight Financing Rate ("**SOFR**"), the Sterling Overnight Index Average ("**SONIA**"), or any other reference rate, benchmark or index, including in each case, any permutations thereof and any credit spread adjustments thereto, collectively, the "**Benchmark Rates**"), the relevant Fund may be subject to certain material risks, some of which are described below. LIBOR is an estimate of the rate at which a sub-set of traditional banks can borrow money from other banks and, together with other interbank offered rates (together with LIBOR, each an "**IBOR**"), is widely used as a reference for interest rates on credit and other financial instruments and agreements globally. It is expected that no United States Dollar-LIBOR tenors will be published after June 2023 although such tenors may cease being published, or cease to be representative of the market, before then. Regulators, central banks, governments and other market participants are working on replacement Benchmark Rates and the transition of existing instruments and contracts to such new rate. Although it is not possible to identify a comprehensive set of potential risks at this time, the termination of LIBOR presents certain risks to the Funds including, among others: (i) increased volatility or illiquidity in markets, (ii) material delays in or reductions to financing options for actual or prospective portfolio investments, (iii) increased cost of borrowing to the Funds and/or to actual or prospective portfolio investments, (iv) reduction in the value of certain instruments or the effectiveness of related transactions such as hedges, (v) uncertainty under applicable documentation, or difficult and costly consent processes for any required amendments to applicable documentation for the Funds as a borrower or counterparty, or for any actual or prospective portfolio investments in such capacities, (vi) costs of modifications to the Funds' processes and systems (including IT), and/or costs of administrative services and operations, including monitoring of recommended conventions and Benchmark Rates, or any component of or adjustment to the foregoing, and (vii) costs of causing the Funds and/or, indirectly, causing one or more portfolio investments to incur expenses to manage the transition away from LIBOR. Any such effects of the transition away from LIBOR and the other IBORs, as well as other unforeseen effects, may result in expenses, difficulties, complications or delays for impacted markets and instruments, and could have a material adverse impact on the Funds and/or their investments. Additionally, to the extent swaps, hedges, and/or similar derivatives or instruments that use or reference, whether directly or indirectly, LIBOR or other similar Benchmark Rate, including swaps or contracts used to manage long-term interest rate risk related to assets and/or liabilities, are entered into, in addition to the potential need for renegotiation, there also may be different conventions that arise in different but related market segments, which could result in mismatches between different assets and liabilities and, in turn, in possible unexpected gains and/or losses. Some of these replacement rates

may also be subject to compounding or adjustments that cause administrative challenges for the Funds and the portfolio investments, and their respective affiliates and service providers and could also impact the timing, calculation of, and size of certain performance fees, payments and/or distributions made by the Funds. Forward does not have prior experience in investing during a period of Benchmark Rate transition and there can be no assurance that it will be able to manage the Funds' businesses or performance in a profitable manner before, during or after such transition.

*Secondaries and other General Partner-Led Transactions.* There continues to be a significant market in the private fund sector for secondary sales, general partner-led transactions, continuation funds, successor fund investments and other transactions for the disposition of investments, and the Funds reserve the right to dispose of (or seek additional capital for) investments of the Funds through such means. Many of these transactions involve an auction process run by an investment bank and a buyer (or buyer group) that agrees to purchase a portion of one or more investments that will continue to be managed by the relevant Fund following the transaction. Such transactions are undertaken for various reasons, including, for example, to balance competing interests between offering liquidity to existing Limited Partners and maintaining exposure to an asset where the relevant Fund believes there is the potential for additional value generation. Where undertaken, existing Limited Partners typically are offered certain options relating to receiving liquidity from the transaction or continuing to maintain exposure to the asset, assets or a new portfolio of assets (including a portfolio that combines assets from the relevant Fund sponsored by the relevant Fund and its affiliates), often on different terms than the original investment. However, certain of such transactions are expected to require: a Limited Partner to invest additional capital in the existing relevant Fund and/or other investment vehicles; a greater exposure to one or more particular portfolio companies; and/or a delay in the full liquidation of its investment. In other circumstances, even Limited Partners that elect to continue to hold a direct or indirect interest in the relevant portfolio company will have their interest adjusted as if distributed (i.e., a portion of such interest will be allocated to the relevant General Partner to the extent of its right to receive carried interest, if any), effectively diluting their interests. Each of these transactions has the potential for conflicts between the interests of a Fund or Limited Partner and those of Forward or any buyer group that typically are not applicable to more traditional investment sales. For example, in circumstances where Forward or an affiliate will continue to manage and receive fees and/or performance-based compensation relating to the subject assets following the transaction (potentially in addition to performance-based compensation earned by the relevant General Partner on the sale of an asset from an existing fund in such transaction), their incentives are expected to diverge from those of Limited Partners who elect to sell their interests. Similarly, there are potential conflicts of interest among the relevant selling Fund, Forward, the relevant General Partner and any buyer group relating to the valuation and consideration offered for the investment(s) subject to the transaction. To the extent Forward requires existing Limited Partners and/or new buyers to commit capital to a continuation fund or another Fund managed by Forward in addition to the purchase amount paid in the transactions, such requirements are expected to have dilutive effect on the purchase price for the relevant selling Fund and its Limited Partners. There can be no assurance that any such transaction will accurately reflect the fair market value of the investment(s) being sold. Further, the relevant General Partner is expected to be incentivized to make investments in portfolio companies with the view of holding such investments for longer periods of time or to make investments that it would not otherwise have made if the possibility of liquidity through a secondary transaction did not exist. Where co-investors historically have been invested in an investment subject to such a transaction, there can be no assurance that they will receive the same liquidity or other options as Limited Partners in

the relevant Fund, and in such circumstances Forward reserves the right to compel co-investors to receive cash or continue to hold an interest in the relevant investment. In other circumstances, certain Limited Partners will not be permitted to continue to maintain exposure to the asset(s) due to a lack of eligibility to invest in a continuation vehicle under relevant securities, tax or other considerations. Although relevant potential conflicts of interest are disclosed to Limited Partners and/or the relevant Fund advisory council prior to the closing of the transaction, there can be no assurance that Forward will successfully identify all conflicts of interest or resolve or mitigate all such conflicts of interest in favor of a Fund or any individual Limited Partner or group of Limited Partners. However, Forward reserves the right, in its sole discretion, to determine to engage in such transactions, subject to any approvals required in the relevant Partnership Agreement. Forward is permitted to seek the consent of the relevant Fund advisory council to approve conflicts associated with such transactions and accordingly not all Limited Partners will necessarily be able to approve or disapprove of such transactions. Similar to any prospective sale or disposition of portfolio investments, to the extent such transactions are not consummated, the relevant Fund is expected to bear all of the related costs in the absence of an agreement with other parties to bear a portion of such costs.

*Material Non-Public Information.* As a result of the operations of the Management Company and its affiliates, as well as in connection with officerships and directorships of Forward's personnel, the Management Company may come into possession of confidential or material, non-public information. Therefore, the Management Company and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Management Company's internal policies and practices. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold. Additionally, there may be circumstances in which one or more of certain individuals associated with the Management Company or its affiliates may be precluded from providing services related to a Fund's activities because of certain confidential information available to such individuals, the Management Company or its affiliates. Furthermore, to the extent not restricted by confidentiality requirements or applicable law, the Management Company or its affiliates may apply experience and information gained in providing services to portfolio companies and other investments to provide services to competing portfolio companies and investments of other Funds, which may have adverse consequences for a Fund.

*Possibility of Fraud or Other Misconduct of Employees and Service Providers.* Misconduct by (i) Forward employees, (ii) portfolio company directors, officers or employees, and (iii) service providers to the foregoing and/or their respective affiliates could undermine the due diligence efforts of the Funds and/or the General Partners and cause significant losses to the Funds. Misconduct may include entering into transactions without authorization, the failure to comply with operational and risk procedures, including due diligence procedures, misrepresentations as to investments being considered by the Fund, the improper use or disclosure of confidential or material non-public information, which could result in litigation or serious financial harm, including limiting a Fund's business prospects or future marketing activities, and non-compliance with applicable laws or regulations (and the concealing of any of the foregoing). Such activities may result in reputational damage, litigation, business disruption, market or industry segment volatility and/or financial losses to the Funds. Forward has controls and procedures through which it seeks to minimize the risk of such misconduct

occurring; however, no assurances can be given that such misconduct will be able to be identified or prevented.

*Unfunded Pension Liabilities of Portfolio Companies.* In at least one circuit, a court found that, in certain circumstances, an investment fund could be treated as a “trade or business” for purposes of determining pension liability under the Employee Retirement Income Security act of 1974, as amended (“ERISA”). Therefore, where an investment fund owns 80% or more (or, possibly, under certain circumstances, less than 80%) of a portfolio company, such fund (and any other 80%-owned portfolio companies of such fund) might be found liable for certain pension liabilities of such a portfolio company to the extent the portfolio company is unable to satisfy such liabilities. A Fund may, from time to time, invest in a portfolio company that has unfunded pension fund liabilities, including structuring the investment in a manner where the Fund may own an 80% or greater interest in such a portfolio company. If the a (or other 80%-owned portfolio companies of the Fund) were deemed to be liable for such pension liabilities, this could have a material adverse effect on the operations of the Fund and the companies in which the Fund invests. This discussion is based on current court decisions, statutes and regulations regarding control group liability under ERISA, as in effect as of the date of this Brochure, which may change in the future as the case law and guidance develops.

*Contingent Liabilities Upon Disposition.* In connection with the disposition of an investment, a Fund and/or the relevant General Partner may be required to make (and/or be responsible for another person’s or entity’s breach of) representations and warranties, e.g., about the business and financial affairs of the applicable portfolio company, the condition of its assets and the extent of its liabilities, in each case generally in the nature of representations and warranties typically made in connection with the sale of similar businesses, and may be responsible for the content of disclosure documents under applicable securities laws. A Fund and/or the relevant General Partner may also be required to indemnify the purchasers of such investment or underwriters to the extent that any such representations or disclosure documents are inaccurate. These arrangements may result in contingent liabilities, which would be borne by the Fund and, ultimately, its investors. In such a situation, Limited Partners may be required to return distributions received by them to pay such indemnification obligations, subject to certain limitations provided in the relevant Partnership Agreement. Furthermore, under the Delaware Revised Uniform Limited Partnership Act (the “Act”), each Limited Partner that receives a distribution in violation of the Act will, under certain circumstances, be obligated to recontribute such distribution to the relevant Fund.

*HSR Act Regulation and Enforcement.* The growth of the private equity industry and the increasing size and reach of private equity transactions has prompted additional governmental attention to the industry and its practices. Acquisition by a Fund of equity securities may result in reporting and compliance obligations under the U.S. Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the “HSR Act”). Compliance with the HSR Act could significantly delay the closing of a transaction, lead to deal abandonment, increase the cost of operating a Fund and/or infringe upon the ability of the Fund to engage in certain transactions.

*U.S. Dollar Denomination of Interests.* Interests in each Fund are denominated in U.S. dollars. Prospective investors subscribing for interests in any country in which U.S. dollars are not the local currency should note that changes in the rate of exchange between U.S. dollars and such currency may have an adverse effect on the value, price or income of the investment to such investor. There may be foreign exchange regulations applicable to investments in foreign currencies in certain jurisdictions. Each prospective investor should consult with its, his or her

own counsel and advisors as to all legal, regulatory, tax, financial and related matters concerning an investment in a Fund's interests.

*Absence of Regulatory Oversight.* While each Fund may, in some respects, be considered to be similar to an investment company, it is not registered, and does not intend to register, as such under the Investment Company Act or the laws of any other country or jurisdiction and, accordingly, the provisions of the Investment Company Act will not be applicable to the Fund.

*National Security Investment Clearance.* In some cases, investments by a Fund involving the acquisition of or investment in a U.S. business (including a U.S. branch or subsidiary of a company domiciled outside of the United States) may be subject to review and approval by the Committee on Foreign Investment in the United States ("**CFIUS**"). In the event that CFIUS reviews one or more investments, there can be no assurance that a Fund will be able to maintain or proceed with such investments on any terms, or on terms that are acceptable to the relevant General Partner. Additionally, CFIUS has authority to seek to impose limitations on one or more such investments that may prevent a Fund from maintaining or pursuing investment opportunities that the Fund otherwise would have maintained or pursued, or syndicating interests to foreign persons, which could adversely affect the performance of the Fund's investment in portfolio companies. In the case of minority investments, CFIUS review of another investor's stake in the underlying portfolio company may result in the imposition of limitations on the portfolio company's operations, which may have an adverse impact on the portfolio company's ability to service existing clients or generate new business.

Legislation to strengthen and modernize CFIUS was signed into law on August 13, 2018. This legislation, among other things, expands the scope of CFIUS' jurisdiction to cover more types of transactions and empowers CFIUS to scrutinize more closely investments in U.S. "sensitive personal data," "critical technology" and "critical infrastructure" companies, as well as companies that collect sensitive personal data of U.S. citizens, including investments involving foreign limited partners or co-investors that may be deemed "non-passive." These categories are broad and may capture companies operating within the Fund's investment scope.

As of November 2018, certain transactions involving foreign persons and U.S. "critical technology" companies are subject to mandatory pre-closing notification requirements, and monetary penalties may attach to a party's failure to file such a notification. Certain of the limited partners of a Fund are expected to be non-U.S. investors, and in the aggregate, could comprise a substantial portion of a Fund's aggregate commitments, which may increase the risks of such restrictions, limitations and notification obligations being imposed.

Moreover, other countries continue to establish and/or strengthen their own national security investment clearance regimes, including in response to U.S. encouragement of other countries to impose CFIUS-like regulations on foreign investment in certain sectors and assets on national security grounds, which could have a corresponding effect of impeding, restricting, or delaying the Fund's ability to make investments in such countries. In addition, as of April 2019, the European Union ("**EU**") has adopted and implemented an EU-wide mechanism to screen foreign investment on national security grounds, which could impede, restrict, and/or delay the Fund's investments with a nexus to the EU.

As a result, to the extent a Fund makes any investments outside of the United States, such investment may also face delays, limitations, or restrictions as a result of notifications made under and/or compliance with these legal regimes and rapidly-changing agency practices. Heightened scrutiny of foreign direct investment worldwide may make it more difficult for the



Fund to identify suitable buyers for investments upon exit and may constrain the universe of exit opportunities for an investment. As a result, a Fund may incur significant delays and costs or be altogether prohibited from making a particular investment, all of which could adversely affect the Fund's ability to meet its investment objectives.

*Other Regulatory Approvals.* Each Fund may require the consent or approval of applicable regulatory authorities in order to acquire or hold particular portfolio companies. A portfolio company could be materially and adversely affected as a result of statutory or regulatory changes or judicial or administrative interpretations of existing laws and regulations that impose more comprehensive or stringent requirements on such portfolio company. Governments have considerable discretion in implementing regulations that could impact a portfolio company's business, and as local governments may be influenced by political considerations, they may make decisions that adversely affect a portfolio company's business. Moreover, additional regulatory approvals, including, without limitation, renewals, extensions, transfers, assignments, reissuances or similar actions, may become applicable in the future due to a change in laws and regulations, a change in a portfolio company's lessee or for other reasons. There can be no assurance that a portfolio company will be able (a) to obtain all required regulatory approvals that it does not yet have or that it may require in the future, (b) to obtain any necessary modifications to existing regulatory approvals or (c) to maintain required regulatory approvals. Delay in obtaining or failure to obtain and maintain in full force and effect any regulatory approvals, or amendments thereto, or delay in satisfying or failure to satisfy any regulatory conditions or other applicable requirements could prevent operation of a facility or leases to third parties or could result in additional costs to a portfolio company.

*Cybersecurity Risks and Identity Theft.* Recent events have illustrated the ongoing cybersecurity risks to which operating companies are subject. As part of its business, the General Partners and the Management Company process, store and transmit large amounts of electronic information, including information relating to the transactions of the Funds and personally identifiable information of the Limited Partners. Similarly, service providers of the General Partners, the Management Company or the Funds, especially any administrator, may process, store and transmit such information. The General Partners', the Management Company's, the Funds' and its portfolio companies' information and technology systems may be vulnerable to damage or interruption from computer viruses, network failures, computer and telecommunication failures, infiltration by unauthorized persons and security breaches, usage errors by their respective professionals, power outages and catastrophic events such as fires, tornadoes, floods, hurricanes, typhoons, earthquakes, wars, terrorist attacks and other similar events. Measures designed to manage risks relating to these types of events cannot provide absolute security. The techniques used to obtain unauthorized access to data, disable or degrade service, or sabotage systems change frequently and may be difficult to detect for long periods of time. If these systems are compromised, become inoperable for extended periods of time or cease to function properly, the General Partners, the Funds and/or a portfolio company may incur specific time or expense to fix or replace them and to seek to remedy the effects of such issues. The failure of these systems or of disaster recovery plans for any reason could cause significant interruptions in the General Partners', the Management Company's, the Funds' and/or a portfolio company's operations and result in a failure to maintain the security, confidentiality or privacy of sensitive data, including personal information relating to investors (and the beneficial owners of investors). Such a failure could harm the General Partners', the Management Company's, the Funds' and/or a portfolio company's reputation, subject any such entity and its respective affiliates to legal claims and/or regulatory actions or otherwise affect their business and financial performance. To

the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action. Any of such circumstances could subject a portfolio company, or the Funds, to substantial losses. In addition, in the event that such a cyber-attack or other unauthorized access is directed at the General Partners or one of its affiliates or service providers holding its financial or investor data, the General Partner, its affiliates or the Funds may also be at risk of loss.

The service providers of the General Partners, the Management Company and the Funds are subject to the same electronic information security threats as the General Partners and the Management Company if a service provider fails to adopt or adhere to adequate data security policies, or in the event of a breach of its networks, information relating to the transactions of the Funds and personally identifiable information of the Limited Partners may be lost or improperly accessed, used or disclosed.

*Disclosure of Confidential Fund and Investor Information.* The Limited Partners are expected to include entities that are subject to public disclosure requirements, including state public records or similar freedom of information laws which may compel public disclosure of confidential information regarding the Funds, their respective investments and their respective investors. There has been a recent increase in the number of requests under such laws for contracts (including partnership agreements, subscription agreements and Side Letters) that investors in private equity funds that are subject to such laws have in place with private equity funds. A Fund may incur expenses in connection with responding to any such disclosure requests, even if the Fund ultimately succeeds in asserting confidentiality for any requested documentation. Moreover, notwithstanding the obligation that the Limited Partners will have pursuant to the Partnership Agreement to maintain the confidentiality of the Fund information, there can be no assurance that such information will not be disclosed either publicly or to regulators, law enforcement or otherwise. A General Partner may also in certain circumstances, in an effort to protect any such potential disclosure, withhold all or any part of the information otherwise to be provided to such a Limited Partner, as more fully described in the relevant Partnership Agreement. There can be no assurance that such information will not be disclosed by the Funds, the General Partners, Forward, their affiliates and personnel, portfolio companies or services providers to any of them including, without limitation, to comply with laws, regulations or policies to which they are or may become subject. A General Partner may elect to withhold certain information from such Limited Partners for reasons relating to the General Partner's public reputation or overall business strategy, despite the potential benefits to such Limited Partners of receiving such information. In addition, due to the fact that potential investors in the Funds may have different diligence inquiries and/or request different information, the Management Company may provide certain information to one or more prospective investors that it does not provide to all prospective investors. In addition, under the U.S. Dodd-Frank Wall Street Reform and Consumer Protection Act, the SEC has the authority to require private equity fund advisers, such as Forward, to file additional reports with the SEC regarding their funds and investment activities. Any public disclosure of the Fund information could have an adverse effect on the Funds and its investors, for example, by affecting the Funds' competitive advantage in finding attractive investment opportunities.

*Limited Access to Information.* Limited Partners' rights to information regarding a Fund will be specified, and strictly limited, in the relevant Partnership Agreement. In particular, it is anticipated that the General Partners will obtain certain types of material information from investments that will not be disclosed to Limited Partners because such disclosure is prohibited for contractual, legal or similar obligations outside of the General Partners' control or because the General Partners otherwise determine. Decisions by the General Partners to withhold information may have adverse consequences for Limited Partners in a variety of circumstances. For example, a Limited Partner that seeks to transfer its interest in a Fund may have difficulty in determining an appropriate price for such interest in the Fund. Decisions to withhold information also may make it difficult for Limited Partners to monitor the General Partners' and the Funds' performance. Additionally, it is expected that Limited Partners who designate representatives to participate on a Fund's advisory council may, by virtue of such participation, have more information about the Fund and portfolio investments in certain circumstances than other Limited Partners generally and may be disseminated information in advance of communication to other Limited Partners generally.

*Risks Generally Associated with the Fund's Investment in the Debt Securities.* Each Fund is permitted to invest in any loan, debt, credit and/or similar securities in instruments ("**Debt Securities**"). The below risks and considerations outline certain additional potential risks and considerations related to investments in Debt Securities.

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

*Volatility of Leveraged Loan and Credit Markets.* Significant risks for the Funds and Limited Partners exist as a result of disruptions in the credit markets. These risks include, among others, (i) the likelihood that a Fund may find it more difficult to sell any of its investments in the secondary market, thus rendering it more difficult to dispose of such investments if and when it desires to sell them, (ii) the possibility that the price at which investments can be sold by a Fund will have deteriorated from the cost of such investment to such Fund, (iii) the possibility of accelerated prepayments of attractively priced (i.e., the all-in yield), structured or performing investments as a result of increased liquidity and competition in the middle-market private debt asset class driven by economic conditions, relative performance, monetary policy or other governmental action or other factors and (iv) the impact of adverse economic conditions (including as described above under "**Public Health Emergencies; COVID-19**") on the obligors of a Fund's investments. Further disruptions in the credit markets may reduce opportunities for the Fund to make investments, and may also heighten refinancing risk in respect of maturing Fund investments. Any events that cause a deterioration in loan performance generally may affect the returns, if any, to the investors in

a Fund or the ability of a Fund to return any or all of its investors' invested capital. Negative macroeconomic conditions may adversely affect the credit rating (if any), performance and the realization value of a Fund's investments. It is possible that a Fund's assets will experience higher default rates and lower recovery rates than anticipated and that performance will be materially worse than expected. The bankruptcy or insolvency of a major financial institution may have a material adverse effect on a Fund, particularly if such financial institution is the administrative agent of an investment or is otherwise the counterparty to a contract with a Fund (including a hedging-related contract). In addition, the bankruptcy, insolvency or financial distress of one or more additional financial institutions, or one or more sovereigns, could trigger additional disruptions in the global credit markets or the global economy which could have a material adverse effect on the Fund and its investments.

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

*Borrower Fraud.* Of paramount concern in investments in loans is the possibility of material misrepresentation or omission of information on the part of the borrower. Such inaccuracy or incompleteness may adversely affect the valuation of the collateral underlying the loans or enterprise value of the companies or may adversely affect the ability of a Fund to perfect or effectuate a lien on any collateral securing the loan. Each Fund will rely upon the accuracy and completeness of representations made by borrowers to the extent reasonable when it makes its investment decisions, but cannot guarantee such accuracy or completeness. Under certain circumstances, payments to a Fund may be reclaimed if any such payment or distribution is later determined to have been a fraudulent conveyance or a preferential payment.

*Loans to Private Companies.* A portion of each Fund's portfolio is permitted to consist of loans to small or medium-sized, privately owned businesses. Compared to larger, publicly owned firms, such companies generally have limited financial resources and access to capital, as well as higher funding costs. They may be in a weaker financial position and may need more capital to expand or compete. These companies frequently have shorter operating histories, narrower product lines and smaller market shares than larger businesses, which render them more vulnerable to competitors' actions and market conditions, as well as general economic downturns. There will likely not be as much information publicly available about these companies as would be available for public companies and such information may not be of the same quality. These companies are also more likely to depend on the management talents and efforts of a small group of persons and, as a result, the death, disability, resignation or termination of one or more of these persons could have a material adverse impact on these companies' ability to meet their obligations. The above challenges increase the risk of these companies defaulting on their obligations.

*Financial Institution Risk; Distress Events.* An investment in a Fund is subject to the risk that one or more of such Fund's or its portfolio investment's banks, brokers, hedging counterparties, lenders to or other custodians of some or all of such Fund's or such portfolio

investment's assets (each, a "**Financial Institution**") fails to perform its obligations or experiences insolvency, closure, receivership or other financial distress or difficulty (each, a "**Distress Event**"). Distress Events can be caused by various factors, including eroding market sentiment, significant withdrawals (e.g., a bank run in which depositors collectively withdraw their balances within a short period of time), fraud, malfeasance, poor performance or accounting irregularities. In the event a Financial Institution experiences a Distress Event, the Management Company, the relevant General Partner, the relevant Fund and/or such Fund's portfolio investments 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, in the case of banks, or the Securities Investor Protection Corporation, in the case of certain broker-dealers, amounts in excess of the relevant insurance (including Fund assets maintained with qualified custodians pursuant to Rule 206(4)-2 of Investment Advisers Act of 1940, as amended (the "**Advisers Act**")) 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 the Management Company and/or the General Partners to manage the Funds and their respective investments, and on the ability of the Management Company, the General Partners, the Funds and/or the Funds' portfolio investments 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 (i) a Fund paying fees and expenses in the event such Fund 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), (ii) such Fund being unable to acquire or dispose of investments at prices that the relevant General Partner believes reflect the fair value of such investments or (iii) such Fund's portfolio investments being unable to make payroll, fulfill obligations or maintain operations. If a Distress Event leads to a loss of access to a Financial Institution's services, it is also possible that a Fund or one or more of its portfolio investments will incur additional expenses or delays in putting in place alternative arrangements or that such alternative arrangements will be less favorable than those formerly in place (with respect to economic terms, service levels, access to capital, or otherwise). Although Forward 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 the Management Company, the General Partners, the Funds and/or the relevant Fund portfolio investments maintain all or a set amount or percentage of their respective accounts or assets with one or more certain custodians, which heightens the risks associated with a Distress Event with respect to such custodians. Although Forward seeks to do business with Financial Institutions that it believes are creditworthy and capable of fulfilling their respective obligations to the Funds and/or the Funds' portfolio investments, Forward is under no obligation to use a minimum number of Financial Institutions with respect to the Fund or the Funds' portfolio investments or to maintain account balances at or below the relevant insured amounts. Furthermore, such balances maintained by the Management Company, the General Partners and the Funds are generally expected to fluctuate, including with respect to the

Funds in connection with capital calls to limited partners and dispositions of investments, and certain balances from time to time will substantially exceed applicable deposit insurance.

*Conflicts of Interest Generally.* Investors should be aware that various actual and potential conflicts of interest will arise from the overall businesses and affairs of the Funds, the General Partners and their respective affiliates, and such conflicts of interest are expected to be between the General Partners, the Management Company, their respective affiliates and their respective employees, officers, directors, principals, members and partners, other Funds and/or any minority investors in Forward, on the one hand, and the Funds and/or one or more Limited Partners, on the other hand. The discussion below enumerates certain of such conflicts of interest that should be carefully considered before making an investment in a Fund. In addition, investors should be aware that the General Partners, the Management Company and their respective affiliates and personnel are expected to in the future engage in further activities that will result in additional conflicts of interest not addressed below. The General Partners can give no assurance that conflicts of interest will be resolved in favor of the Funds and/or the Limited Partners, and, in fact, they may not be. By acquiring an interest in a Fund, each investor will be deemed to have acknowledged the existence of such actual and potential conflicts of interest and that, subject to the terms of the relevant Partnership Agreement, such conflicts will be resolved by the relevant General Partner in its sole discretion without any guarantee that any situation involving a conflict will be resolved in favor of the Funds and/or the Limited Partners and to have consented thereto and to have waived any claim in respect of the existence or resolution of any such conflict of interest to the maximum extent not prohibited by law.

*Other Activities of Forward Personnel.* Certain employees of the Management Company are expected to spend a significant portion of their business time on matters unrelated to any particular Fund, including managing the Management Company, forming and managing new funds with different investment objectives or successor funds, participating on the boards of private and public companies and not-for-profit institutions, and certain other business activities, and thus will devote only so much of their time as is necessary or appropriate in connection with a Fund's activities (including, in certain cases, only a minority of such time to a particular Fund). In addition, the time and attention requirements set forth in the relevant Partnership Agreement do not apply to all employees of the Management Company. As a result, conflicts of interest will arise, including with respect to the allocation of management time, services and function. The possibility also exists that the companies of which such persons serve as employees, executives and members of the board of directors could engage in transactions which would be suitable for investments of a Fund, but in which such investments of such Fund might be unable to invest. By acquiring an interest in a Fund, each Limited Partner will be deemed to have acknowledged the existence of such conflicts of interest and to have waived any claim with respect to any liability arising from the existence of any such conflict of interest to the maximum extent not prohibited by law.

*Other Funds and Allocation of Investment Opportunities.* Conflicts of interest will arise when a Fund makes an investment in a portfolio company in conjunction with an investment made by one or more other investment vehicles affiliated with or advised by the Management Company or its affiliates, including any co-investment vehicles managed by the Management Company or its affiliates, and any successor fund to the Fund (collectively, "**Other Funds**"). For instance, a Fund is generally not expected to invest through the same investment vehicles, have the same access to credit or employ the same hedging or investment strategies as such Other Fund. This will result in differences in price, investment terms, leverage and associated costs between a Fund and such Other Fund. There can be no assurance that a Fund and any

Other Fund(s) will exit the investment at the same time or on the same terms, and there can be no assurance that a Fund's return on such an investment will be the same as the returns achieved by any Other Fund participating in the relevant transactions. Given the nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to a Fund.

In connection with managing any Other Fund, the Principals expect to spend a portion of their business time and attention pursuing investment opportunities for Other Funds and other than on behalf of a particular Fund. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments. The General Partner believes that, in general, the significant investment of the Principals in the Funds, as well as the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the Partners, although the Principals will have economic interests in such Other Funds and other investments as well and receive management and other fees and carried interest relating to these interests. Such Other Funds and other investments that the Principals control or manage are expected to compete with a Fund or companies acquired by such Fund. At such time as the General Partner is permitted to raise a successor investment fund to a Fund, the Principals will continue to manage such Fund's investments, but also likely will focus investment activities on other opportunities and areas unrelated to such Fund's investments. Certain investments will be allocated between a Fund and any successor or predecessor fund in a manner as set forth in the relevant Partnership Agreement.

Until such time as the relevant General Partner is permitted under the relevant Partnership Agreement to raise a successor investment fund to a Fund, the Principals generally will pursue substantially all appropriate investment opportunities that the relevant General Partner determines meet the investment criteria of such Fund principally for the benefit of such Fund, subject to certain exceptions and requirements set forth in the relevant Partnership Agreement including any allocation of any such investment opportunity to certain strategic co-investors and/or the Limited Partners as additional capacity opportunities (which as the context requires shall be treated as the overall investment opportunity allocated to and participated by such Fund). However, with respect to each Fund, the Principals are expected to manage in the future several Other Funds besides such Fund and investments similar to those in which such Fund will be investing and may direct certain relevant investment opportunities or resources to those Other Funds and other investments. Over time, certain investment opportunities suitable for a Fund are likely also to be suitable for any Other Fund. In determining which investment funds should participate in such investment opportunities, subject to the Partnership Agreements, the General Partners, the Principals and their affiliates are subject to potential conflicts of interest among the investors in a Fund and investors in the Other Funds. To determine whether a Fund or any Other Fund or its affiliates will participate in the relevant investment opportunity, the relevant General Partner generally assesses whether an investment opportunity is appropriate for each relevant fund based on the terms of such fund's limited partnership agreement, as well as factors including, but not limited to: each fund's investment restrictions and objectives (including those set forth in the relevant fund's partnership agreement or similar governing document (including side letters), where applicable), available capital, strategy, capital structure, risk profile, time horizon, sourcing, structural and operational considerations of the relevant fund, investment limitations, target rate of return, composition of each fund's portfolio, target investment size, suitability as a follow-on investment for current investors, tax and regulatory considerations, tolerance for turnover, asset composition, cash level (if any), life cycle, structure, size and nature of investment, anticipated duration/hold period and other relevant factors (including

agreements with co-sponsors). Each Fund is generally permitted to invest together with Other Funds in the manner set forth in the relevant partnership agreements or similar governing documents. The relevant General Partner will determine the allocation of investment opportunities among a Fund and Other Funds in a manner that it believes is fair and equitable consistent with such General Partner's obligations and will take into consideration factors such as those set forth above. In other circumstances, during the period that a portfolio company is owned by a Fund, it could become a suitable investment for one or more Other Funds due to size, revenue or other characteristics.

As set forth in more details in "Co-Investment and Additional Capacity Opportunities" below, the Fund reserves the right to offer co-investment opportunities to strategic co-investors and with respect to certain investment opportunities, will offer a pre-determined portion of such investment opportunity to the Limited Partners as additional capacity investments to participate through an investment-specific vehicle alongside the Fund. The General Partner's allocation of investment opportunities among the Fund and any Other Fund often will not be proportional. Therefore, such allocations will be more advantageous to a Fund relative to one or all of the Other Funds, or vice versa. There can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as it would be if the conflicts of interest to which the relevant General Partner is subject did not exist. While the relevant General Partner will allocate investment opportunities in a way that it believes in good faith is fair and equitable to the applicable Fund, there can be no assurance that such Fund's actual allocation of an investment opportunity, if any, or terms on which the allocation is made, will be as favorable as they would be if the conflicts of interest to which such General Partner are subject to did not exist.

*Allocation of Expenses.* Each General Partner will be faced with a variety of potential conflicts of interest when it determines allocations of various fees and expenses to a Fund. Each General Partner, in its sole discretion, will allocate fees and expenses in accordance with the relevant Partnership Agreement and in a manner that it believes in good faith is fair and equitable to such Fund under the circumstances and considering such factors as it deems relevant, including taking into account the relative size of the vehicles and (where the expense is investment-related) the relative size of the vehicles' investments (or proposed investments), or any other factors the relevant General Partner in its sole discretion deems appropriate under the circumstances. The allocations of such expenses will not always be proportional, and any such determinations involve inherent matters of discretion, for example, in determining whether to allocate pro rata based on the number of funds receiving related benefits or proportionately in accordance with asset size.

*Conflicts with Portfolio Companies.* Each Fund generally intends to make controlling investments in portfolio companies. As a result of these significant investments, each Fund expects to have the right to appoint portfolio company board members (including current or former General Partner personnel or persons serving at their request), or to influence their appointment, and to determine or influence the determination of their compensation. Additionally, from time to time, portfolio company board members approve compensation and other amounts payable to the relevant General Partner in connection with services provided by such General Partner and its affiliates to such portfolio company, and, except to the extent such amounts are subject to the relevant Partnership Agreement's Management Fee offset provision, are in addition to the Management Fee and carried interest discussed herein. Each General Partner's authority to appoint or influence the appointment of portfolio company board members who will be involved in approving compensation payable to such General Partner subjects such General Partner and any such portfolio company board



appointees to potential conflicts of interest. Additionally, a portfolio company typically will reimburse a General Partner and its affiliates or service providers retained at such General Partner's discretion for expenses (including, without limitation, expenses related to meetings and other events (to the extent that such meetings or events are attended by portfolio company personnel), certain entertainment expenses (to the extent that such expenses are attributable to portfolio company usage), travel expenses, and expenses relating to recruiting, relocation and background checks for portfolio company positions) incurred by such General Partner and its affiliates or such service providers in connection with their performance of services for such portfolio company, as well as consulting fees (and other cash and non-cash compensation) incurred. This subjects a General Partner and its affiliates to conflicts of interest because a Fund generally does not have an interest or share in these reimbursements (which are generally not subject to offset against Management Fees), and the amount of such reimbursements over time is expected to be substantial. Subject to the relevant Partnership Agreement and its internal reimbursement policies and practices, each General Partner and its affiliates determine the amount of these reimbursements for such services in their own discretion. Although the amount of individual reimbursements typically is not disclosed to all investors in a Fund, any fee paid or expense reimbursed to the relevant General Partner and its affiliates or such service providers generally is subject to an agreement with sellers, buyers or management team, the review and supervision of the board of directors of or lenders to portfolio companies, and/or third-party co-investors. These factors help to mitigate related conflicts of interest. With respect to each Fund, the Management Company and its affiliates expect to receive transaction fees and special income with respect to the Other Funds and their investments (including financial advisory fees, break-up fees, net monitoring fees, director fees, including non-cash consideration, and other similar fees, which may include lump-sum, accelerated or termination payments in respect of such fees in the event of the sale or initial public offering of the relevant portfolio company other termination of the arrangement), but an amount (or a portion thereof) equal to a portion of such fees and income received by the Management Company is expected to reduce the management fee owed by the Other Funds to the extent required by the governing agreement of such Other Fund. Any direct, unreimbursed monitoring expenses will result in a reduction in the calculation of net monitoring fees. Each Fund's portfolio companies may also be counterparties or participants in agreements, transactions or other arrangements with other portfolio companies of such Fund or Other Funds, including arrangements that may not have otherwise been entered into but for the affiliation with the relevant General Partner or an affiliate thereof. Such arrangements may involve fees and/or servicing payments to the relevant General Partner and its affiliates, which are not subject to fee offsets or otherwise shared with the relevant Fund. Such arrangements will be on terms including fee rates Forward believes are commercially reasonable in light of the specific arrangements involved and any other relevant considerations. There can be no assurance that the terms involved in such arrangements ultimately will approximate then-current market terms, or that no other commercial counterparty is more qualified to enter into such arrangements or could provide the relevant services or conduct the relevant transaction or arrangement at a more competitive cost.

*Potential Warehousing Arrangements.* Each Fund will be permitted, and certain Funds are expected, in the relevant General Partner's sole discretion, to purchase from the relevant General Partner, one or more of its affiliates and/or certain other persons (collectively, the "**Warehousing Group**"), and the Warehousing Group will be permitted to sell to the relevant Fund, certain securities and/or other investments acquired by the Warehousing Group with the intended purpose of selling such securities and/or other investments to such Fund, a parallel fund, any alternative investment vehicle and/or any co investment vehicle ("**Warehoused Investments**"). Although the Warehousing Group is generally expected to

provide a Fund with additional investment flexibility and any fixed pricing arrangement is intended to mitigate potential conflicts of interest, there will be conflicts of interest that arise as a result of utilizing the Warehousing Group. For example, it is possible that a Fund could be required to purchase such Warehoused Investments at an undesirable point in time or at a price at which the Fund otherwise may not have made such purchase absent such obligation. Also, each prospective investor should be aware that there a third-party valuation or independent pricing to assess the fairness of the purchase price will not be required and may not be provided. Additionally, the purchase price may not reflect any fluctuations that could have taken place in terms of the asset's value during the time that the Warehousing Group held such investment. Furthermore and subsequent to any purchase by a Fund, the Warehousing Group may continue to hold positions in Warehoused Investments as co-investors alongside such Fund.

*Industry Relationships.* With respect to each Fund, the relevant General Partner and/or its affiliates expect to also, from time to time, employ or engage personnel with pre-existing ownership interests in, or who provided services to Other Funds and/or who were employed or engaged by portfolio companies owned by such Fund or Other Funds or investment vehicles advised by such General Partner or an affiliate; conversely, former personnel or executives of such General Partner could potentially serve in significant management roles at portfolio companies or service providers recommended by such General Partner. Similarly, the General Partners, their respective affiliates and/or their respective personnel maintain relationships with (or may invest in) financial institutions, service providers and other market participants, and their respective affiliates and personnel, including managers of private funds, banks, brokers, advisors, consultants, finders (including executive finders and portfolio company finders), executives, attorneys, accountants, institutional investors, family offices, lenders, current and former employees and current and former portfolio company executives, as well as certain family members or close contacts of these persons. Certain of these persons or entities will invest (or will be affiliated with an investor) in, engage in transactions with and/or provide services (including services at reduced rates) to, the General Partners and/or their respective affiliates, and/or the Funds, other funds or other investment vehicles the General Partners or an affiliate advises. In other circumstances, these vendors are expected to provide personal banking, private wealth or lending arrangements (including lending arrangements with respect to personal investments in or through Forward entities) to Forward personnel and their estate planning vehicles. Each General Partner will have a conflict of interest with the relevant Fund in recommending the retention or continuation of a third-party service provider to such Fund or a portfolio company owned by such Fund if such recommendation, for example, is motivated by a belief that the service provider or its affiliate(s) will continue to invest in one or more funds the relevant General Partner or an affiliate advises, will provide such General Partner information about markets and industries in which such General Partner operates (or is contemplating operations) or will provide other services that are beneficial to such General Partner. Each General Partner will have a conflict of interest in making such recommendations, in that such General Partner has an incentive to maintain goodwill between itself and the existing and prospective portfolio companies for the relevant Fund and other funds and investment vehicles that such General Partner or an affiliate advises, while the products or services recommended will not necessarily be the best available to the portfolio companies held by such Fund.

*Service Providers.* Over the life of a Fund, the relevant General Partner generally expects to exercise its discretion to recommend to such Fund or to a portfolio company thereof that it contracts for services with various service providers, potentially including, among others: (i) the relevant General Partner (or an affiliate, which will include other portfolio companies

of such Fund or Other Funds sponsored by the General Partners or their respective affiliate) and at rates determined or substantively influenced by such General Partner; (ii) an entity with which such General Partner or its affiliates or current or former members of their personnel has a relationship or from which such person derive a financial or other benefit; or (iii) a Limited Partner (or a limited partner of an Other Fund) or its affiliates. In particular, with respect to a Fund, if the relevant General Partner and its affiliates have relationships with the personnel of a portfolio company of an Other Fund (including due to investments by such personnel in one or more Other Funds), such General Partner will likely engage such portfolio company to provide services to the Fund and/or its portfolio companies. This discretion subjects each General Partner to potential conflicts of interest, because although it intends to select service providers that it believes are aligned with its operational strategies and that will enhance portfolio company performance and, relatedly, returns of the Fund, each General Partner will have an incentive to recommend the related or other person or entity (including a Limited Partner) because of its financial or business interest. Additionally, each General Partner, because of such incentive or for other reasons (including whether the use of such persons or entities could establish, recognize, strengthen or cultivate relationships that have the potential to provide longer-term benefits to the General Partners, the Funds or Other Funds), will likely favor such retention or continuation even if a better price and/or quality of service provider could be obtained from another person or entity. Each General Partner will not necessarily seek out the lowest cost options when incurring (or cause the relevant Fund or its portfolio companies to incur) such expenses. Although each General Partner generally will seek appropriate rates for services, it reserves the right to prioritize prior usage, perceived sector competence or expertise, familiarity, onboarding speed or other factors in retaining or recommending service providers. Whether or not the relevant General Partner has a relationship with or receives financial or other benefit from recommending a particular service provider, there can be no assurance that no other service provider is more qualified to provide the applicable services or could provide such services at lesser cost.

*Investments in Different Parts of the Capital Structure.* The Funds expect to invest in a broad range of asset classes throughout the corporate capital structure, including investments in corporate loans and debt securities, preferred equity securities and common equity securities. In certain instances, with respect to a Fund, Other Funds may invest in portfolio companies or other issuers in which such Fund invests. Such Other Funds may, for example, hold different classes of debt or equity issued by the same companies in which such Fund invests, including debt or equity that is senior to such Fund's interests or convertible into such senior interests. In such cases, the interests of such Fund will not be aligned in all circumstances with the interests of Other Funds to the extent they hold more junior or more senior debt or equity interests, as the case may be, which will create actual or potential conflicts of interest or the appearance of such conflicts. In that regard, actions may be taken by Other Funds that are adverse to such Fund. The interests of such Fund and Other Funds investing in different parts of the capital structure of a portfolio company are particularly likely to conflict in the case of financial distress of the company (or increased financial stress, to the extent such companies are already the target of such Fund). There can be no assurance that the term of or the return on such Fund's investment will be equivalent to or better than the term of or the return on investment made by such Other Fund participating in the transaction. This may result in a loss or substantial dilution of such Fund's investment, while an Other Fund recovers all or part of amounts due to it. Similarly, the Management Company's ability to implement such Fund's strategy effectively will be limited to the extent that contractual obligations entered into in respect of the activities of Other Funds impose restrictions on the Fund engaging in transactions that the Management Company would have otherwise pursued. Given the

nature of these conflicts, there can be no assurance that the resolution of these conflicts will be beneficial to such Fund.

*Co-Investment and Additional Capacity Opportunities.* Each General Partner reserves the right, in its sole discretion, to provide or commit to provide co-investment opportunities to one or more Limited Partners and/or other persons, in each case on terms to be determined by such General Partner in its sole discretion. Potential conflicts of interest are expected to arise in the allocation of such co-investment opportunities. The allocation of co-investment opportunities, which are permitted to be made to one or more persons for any number of reasons as determined by the relevant General Partner in its sole discretion, may not be in the best interests of the relevant Fund or any individual Limited Partner. In exercising its sole discretion in connection with such co-investment opportunities, including with respect to allocating a particular investment to and among potential co-investors and determining the terms thereof, the relevant General Partner reserves the right to consider some or all of a wide range of factors, including, without limitation, relevant industry knowledge; prior co-investing experience; expressed interest in co-investment opportunities; expertise of the prospective co-investor in the industry to which the investment opportunity relates; perceived ability to quickly execute on transactions; a potential co-investor's Commitment to the relevant Fund and/or commitment to one or more Other Funds (provided that such willingness generally will not be the sole determining factor considered by such General Partner in identifying co-investors); speed and certainty of closing, and tax, regulatory and securities laws and/or other legal considerations (e.g., qualified purchaser or qualified institutional buyer status); confidentiality concerns that may arise in connection with providing the prospective co-investor with specific information relating to the investment opportunity; perceived ease of process in coordinating or completing the investment with the prospective co-investor or co-investors similar thereto; the relevant General Partner's perception of whether the investment opportunity may subject the prospective co-investor to legal, regulatory, reporting or other burdens that make it less likely that the prospective co-investor would act upon the investment opportunity if offered or would impair Forward's ability to execute the relevant transaction in the desired time or on desired terms; size of the investment allocation available to Forward (and not being allocated to the Funds), and practicality of dividing it up among multiple co-investors; lender requirements; perceived public relations and reputational benefits or costs; existence of a formal or informal strategic relationship with the prospective co-investor; and whether the relevant General Partner believes that allocating investment opportunities to an investor or person will help establish, recognize, strengthen and/or cultivate relationships that have the potential to provide longer-term benefits to Forward, the relevant portfolio company, other portfolio companies or the Funds. Although each General Partner reserves the right to consider a prospective co-investor's willingness to invest in future funds, such willingness generally will not be the sole determining factor considered by such General Partner and its affiliates in identifying co-investors. Each Fund is permitted to co-invest with third parties through partnerships, joint ventures or other entities or arrangements. Each General Partner reserves the right to grant certain third-party investors the opportunity to evaluate specified amounts of prospective co-investments in Fund portfolio companies or otherwise to have a priority in co-investment opportunities. Such investments may involve risks not present in investments where a third-party is not involved, including the possibility that a third-party co-venturer or partner may at any time have economic or business interests or goals that are inconsistent with those of the Funds, or may be in a position to take action contrary to the investment objectives of the Funds. In addition, a Fund may in certain circumstances be liable for actions of its third party co-venturer or partner. There can be no assurance that a Fund's return from a transaction would be equal to and not less than the return of another party that was allocated a co-

investment opportunity and that is participating in the same transaction. The General Partners reserves the right, from time to time, to form a co-investment vehicle in connection with the consummation of a transaction and such entity generally will bear expenses related to its formation and operation. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial to the transaction, ultimately is not consummated, the full amount of any fees and expenses generated in the course of evaluating any such proposed transaction generally would be borne by the relevant Fund and not by any potential co-investors that were to have participated in such transaction. However, to the extent that such co-investors have already invested in a co-investment or other vehicle in connection with such transaction, such vehicle is expected to bear its share of such expenses. Furthermore, the General Partners or their respective 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. Additionally, from time to time, certain service providers (e.g., lenders) are expected to seek to negotiate co-investment rights as a component of their compensation or in exchange for granting better terms to Forward, a Fund or a portfolio company in connection with services provided. Each General Partner's allocation of co-investment opportunities generally will not result in allocations that are proportional to the amounts committed, if any, by the relevant potential co-investors to a Fund or any other co-investment vehicle, and such allocations generally will be more or less advantageous to some persons or entities than to others. When and to the extent that employees and related persons of the relevant General Partner make capital investments in or alongside a Fund, such General Partner is subject to conflicting interests in connection with these investments. Each General Partner's allocation of co-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.

*Minority Investors.* A third-party is entitled to a minority interest in the Management Company's management fees and a minority interest in the General Partners' carried interest upon making a minimum Commitment to certain Funds at such Funds' initial closing and providing working capital advances and certain other services and strategic advice. The existence of a minority investor raises certain potential conflicts of interest. Specifically, the minority investor is expected to be an investor in the Funds, with minority economic interests in the Management Company and expected minority economic interests in the General Partners (upon making a Commitment above a certain threshold to certain Funds at such Funds' initial closing) and, in such capacity, is expected to be entitled to receive a portion of the carried interest and/or a portion of the net income to which Forward would otherwise be entitled. Forward does not expect that the minority investor would be involved in the management of investment decisions of the Funds, the General Partners or the Management Company. The existence of these minority economic interests could diminish the alignment of a minority investor's interests with the other Fund investors. Additionally, the minority investor is expected to have relationships with other investment vehicles and accounts that could give rise to potential conflicts of interest. For example, the minority investor and/or its affiliates from time to time are expected to sponsor, advise, underwrite, manage or invest in other investment vehicles and accounts that pursue investment strategies similar to those of the Funds. Such activities could adversely affect the Fund; for example, the minority investor and/or its affiliates have the potential to compete with the Funds for investment opportunities, and Forward expects that the minority investor would be under no obligation to share any investment opportunity, idea or strategy with the Funds, the General Partners or the Management Company.

*General Partner's Carried Interest.* The fact that, in general, each General Partner's carried interest is based on a percentage of net profits creates an incentive for each General Partner to cause the relevant Fund to make riskier or more speculative investments or to hold an investment longer than otherwise would be the case. In addition, in general, each Fund has a fixed investment period after which capital from Limited Partners generally will only be drawn down in limited circumstances, and because the Management Fee is generally, at certain times during the life of a Fund, calculated based upon the invested capital of such Fund, the Management Fee structure creates an incentive for the relevant General Partner to deploy capital when it might not otherwise have done so. The method of calculating each General Partner's carried interest also presents conflicts of interest between the General Partner, on the one hand, and the Limited Partners, on the other hand, with respect to the management and disposition of investments, including the timing and sequence of such dispositions. Moreover, subject to certain limitations set forth in the relevant Partnership Agreement, each General Partner reserves the right to receive carried interest distributions with respect to a distribution in kind of non-marketable securities or obligations. The valuation of such securities and obligations for such purposes will be determined by each General Partner in a manner as set forth in the relevant Partnership Agreement.

Pursuant to the relevant Partnership Agreement, in general each General Partner will be required to return excess amounts of carried interest as a "clawback." This clawback obligation creates an incentive for such General Partner to defer disposition of one or more investments or delay the liquidation of the Fund if the disposition and/or liquidation would result in a realized loss to the Fund or would otherwise result in a clawback situation for the General Partner.

*Advisory Council.* With respect to certain Funds, the relevant General Partner will appoint one or more Limited Partner representatives to the limited partner advisory council for such Fund (each, an "**Advisory Council**"), which generally has the ability to review and waive compliance with certain provisions of the relevant Partnership Agreement, including resolving potential conflicts of interest situations, and whose approval is required or may be requested in certain circumstances under the relevant Partnership Agreement, including certain approvals or consents required by the Advisers Act (e.g., approvals in connection with principal transactions and any "assignment" of an investment advisory agreement of which the relevant Fund is a party). With respect to certain Funds, pursuant to the terms of the relevant Partnership Agreement, all Limited Partners are bound by the determinations of the applicable Advisory Council, regardless of whether a Limited Partner is represented by a member of such Advisory Council. An Advisory Council member is permitted to have conflicts of interest that do not disqualify such member from, and will consider the interests of the Limited Partner it represents over the interests of the Limited Partners as a whole when, voting or consenting to any matter submitted to the Advisory Council. In addition, Limited Partners with representatives of such Advisory Council are permitted to have various business and other relationships with the Management Company and its partners, officers, directors, employees and affiliates (including any minority investors in Forward). These relationships can, and sometimes will, influence their decisions as members of an Advisory Council. As a result, members of an Advisory Council will be conflicted in certain situations where their advice, consent or approval is sought. Such conflicted Advisory Council members will not necessarily recuse themselves from voting or consenting to such decisions. To the extent that a Limited Partner is not represented by a member of an Advisory Council, such Limited Partner will have no influence over matters submitted to such Advisory Council for review or approval.

Each applicable General Partner reserves the right in certain situations to seek the approval of the relevant Advisory Council with respect to certain conflict of interest situations. The General Partner generally also reserves the right in its sole discretion to seek the approval of the Limited Partners (in lieu of the relevant Advisory Council, if any) with respect to such situations. Any such approval by an Advisory Council or Limited Partners will be binding upon relevant Fund and all the Limited Partners. To the extent members of an Advisory Council or Limited Partners vote on any matter regarding conflicts or otherwise participate in matters involving a vote or action thereby with respect to a Fund, any such Limited Partners, as applicable, may have interests in other Funds that influence their decision. For example, certain Advisory Council members with respect to a Fund may also be members of one or more Other Fund advisory councils and may have an incentive to vote in a manner that favors their interest in the Other Fund. Moreover, with respect to each Fund, such Limited Partners are unrestricted from voting, and are expected to affirmatively vote, in a manner that is in their own interest and adverse to the interest of other Limited Partners and such Fund. In the event that an Advisory Council member determines to abstain from voting on a matter, such matter would be decided by non-abstaining members and less than a complete group of Advisory Council members. Any decision by a General Partner to seek such approval will not be construed as an acknowledgement that a conflict existed.

*Other Fees.* Each General Partner and its affiliates expect to receive certain fees in connection with the purchase, monitoring or disposition of investments or in connection with consummated or unconsummated transactions (e.g., transaction fees, directors' fees, financial fees, consulting fees, commitment fees, break-up fees, management fees, litigation proceeds from transactions not consummated, monitoring fees, closing fees, topping fees and other similar fees (whether in the form of cash, securities or otherwise)). Although certain such compensation may be subject to the Management Fee offset requirement set forth in the relevant Partnership Agreement, unless as such required, any such compensation to the relevant General Partner or its affiliates will not reduce the Management Fee or carried interest in respect of the relevant Fund, and Limited Partners will receive no benefit from such fees. Such fees therefore may create a conflict with respect to the role of the relevant General Partner and its affiliates in connection with the relevant Fund. Certain decisions made by the relevant General Partner may be influenced by this conflict of interest, including that (1) such General Partner may determine or strongly influence the amount of such fees that it or its affiliates receive; (2) such General Partner and its affiliates approve amounts paid by a portfolio investment to other board members of the portfolio investment and may have an incentive to gain favor with those board members so they will approve an increase in fees paid to such General Partner and its affiliates; and (3) the amount of such fees may be substantial. The payment of such fees will detract from the performance of the relevant portfolio investment. In addressing such conflicts, each General Partner seeks to act in a fair and equitable manner consistent with its fiduciary duties to the relevant Fund.

*Valuation of Assets.* There is not expected to be an actively traded market for most of the securities owned by any Fund. When estimating fair value, the relevant General Partner will apply a methodology it determines to be appropriate based on accounting guidelines and the applicable nature, facts and circumstances of the respective investments. However, the process of valuing securities for which reliable market quotations are not available is based on inherent uncertainties and the resulting values could, from time to time, differ from values that would have been determined had an active market existed for such securities and may differ from the prices at which such securities ultimately will be sold. The exercise of discretion in valuation by the relevant General Partner will 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 Management Fees.

*Follow-on Investments.* Investments to finance follow-on acquisitions are expected to be a regular part of the business of all or certain Funds. Follow-on investments will present conflicts of interest, including determination of the equity component and other terms of the new financing and the allocation to new and/or existing co-investors and other investors participating in the corresponding investment opportunity. In addition, a Fund reserves the right to participate in re-leveraging and recapitalization transactions involving portfolio companies in which an Other Fund has invested or may invest. Recapitalization transactions will present conflicts of interest, including determinations of whether existing investors are being cashed out at a price that is higher or lower than market value and whether new investors are paying too high or too low a price for the company or purchasing securities with terms that are more or less favorable than the prevailing market terms.

*Principal Transactions.* Section 206 of the Advisers Act regulates principal transactions among an investment adviser and its affiliates, on the one hand, and the clients thereof, on the other hand. Very generally, if an investment adviser or an affiliate thereof proposes to purchase a security from, or sell a security to, a client (what is commonly referred to as a “principal transaction”), the adviser must make certain disclosures to the client of the terms of the proposed transaction and obtain the client’s consent prior to the settlement of any principal transaction. In connection with Forward’s management of the Fund, Forward is permitted to engage in principal transactions, subject to receiving the consent required under Section 206. For example, if Forward and/or its affiliates collectively own more than 25% of an entity that sells a Warehoused Investment to the Fund, such sale will constitute a “principal transaction” between the Fund and such entity under Section 206 of the Advisers Act. Forward will conduct each such principal transaction by obtaining the relevant consent for such principal transaction in accordance with the provisions of Section 206(3) of the Advisers Act.

*Policies and Procedures.* This Brochure describes and summarizes, in relevant part, certain policies, guidelines, procedures and practices relating to the General Partners’ and Forward’s current approach to sourcing, evaluating, structuring, making, creating value in and exiting investments (collectively, the “**Current Procedures**”). Over time, some or all of these policies, guidelines, procedures and practices may change, and there can be no assurance that the General Partners or Forward will not vary from its Current Procedures with respect to the Funds in the future. In addition, from time to time, the General Partners or Forward may adopt, revise or rescind investment-related policies with respect to the Funds for the purposes of regulatory compliance, including for the purpose of establishing regulatory categorization or regulatory treatment of the General Partners, Forward, the Funds and/or their respective affiliates. Such policies may limit or restrict activities of the Fund and shall be operative to the extent provided in such policies.

#### **Item 9: Disciplinary Information**

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To the best of our knowledge, there are no legal or disciplinary events that are material to an Investor’s or prospective investor’s evaluation of our advisory business or the integrity of our management.

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

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Neither we nor our management persons are registered as broker-dealers, and neither of us has any application pending to register with the SEC as a broker-dealer or registered representative of a broker-dealer, respectively.

Forward is affiliated with another Forward investment adviser registered with the SEC under the Advisers Act pursuant to Forward's registration in accordance with SEC guidance. This adviser is Forward I GP, L.P. This affiliated investment adviser operates as a single advisory business together with Forward and serves as a General Partner of the Forward Fund I and Forward Fund I-A and may share common owners, officers, partners, consultants or persons occupying similar positions. See Item 8, "Methods of Analysis, Investment Strategies and Risk of Loss," for a discussion of conflicts of interest.

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

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

Forward has adopted a "**Code of Ethics**" that establishes the high standard of conduct that we expect of our employees and procedures regarding our employees' personal trading of securities. Our employees are required to certify their adherence to the terms set forth in the Code of Ethics upon commencement of employment and annually thereafter. Employees also are required to provide quarterly certifications of compliance with certain Code of Ethics provisions.

The foundation of our Code of Ethics is based upon the following underlying fiduciary principles:

- Employees must at all times place the interests of the Funds and Investors first;
- Employees must ensure that all personal securities transactions are conducted consistent with the Code of Ethics' Employee Personal Investment Policy (described below); and
- Employees should not take inappropriate advantage of their position at the Firm.

Employees must obtain pre-approval from the CCO before: (i) engaging in any outside business activities; or (ii) making any private investments.

We will provide a copy of our Code of Ethics to our Investors, or any prospective investor, upon request, to be viewed on the premises.

## **Item 12: Brokerage Practices**

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The Managers focus on securities transactions of private companies and generally purchase and sell such companies through privately negotiated transactions in which the services of a broker-dealer may be retained. However, the Managers may also distribute securities to investors in the Funds or sell such securities, including through using a broker-dealer, if a public trading market exists. Although the Managers do not intend to regularly engage in public securities transactions, to the extent they do so, they intend to follow the brokerage practices described below.

If the Managers sell publicly traded securities for the Funds, they are responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the

Managers. In such event, the Managers will seek to select brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the Managers may consider a variety of factors, including, but not limited to: (i) execution capabilities with respect to the relevant type of order; (ii) commissions charged; (iii) the reputation of the firm being considered; (iv) responsiveness to requests for trade data and other financial information; and (v) other factors suggested by the SEC for determining best execution.

The Managers have no duty or obligation to seek in advance competitive bidding for the most favorable commission rate applicable to any particular client transaction or to select any broker on the basis of its purported or “posted” commission rate, but will endeavor to be aware of the current level of the charges of eligible brokers and to reduce the expenses incurred for effecting client transactions to the extent consistent with the interests of such clients. Although the Managers generally seek competitive commission rates, they may not necessarily pay the lowest commission or commission equivalent. Transactions may involve specialized services on the part of the broker involved and thereby entail higher commissions or their equivalents than would be the case with other transactions requiring more routine services.

Consistent with the Managers seeking to obtain best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them, although the Managers generally do not make use of such services at the current time. Such research services could include economic research, market strategy research, industry research, company research, fixed income data services, computer-based quotation equipment and research services and portfolio performance analysis. As a general matter, research provided by these brokers would be used to service all of the Managers’ Funds. However, each and every research service may not be used for the benefit of each and every Fund managed by the Managers, and brokerage commissions paid by one Fund may apply towards payment for research services that might not be used in the service of such Fund.

To the extent that the Managers allocate brokerage business on the basis of research services, they may have an incentive to select or recommend broker-dealers based on the interest in receiving such research or other products or services, rather than based on their Funds’ interest in receiving most favorable execution.

The Managers do not anticipate engaging in significant public securities transactions; however, to the extent that the Managers engage in any such transactions, orders for purchase or sale of securities placed first will be executed first, and within a reasonable amount of time of order receipt. To the extent that orders for Funds are completed independently, the Managers may also purchase or sell the same securities or instruments for several Funds simultaneously. From time to time, the Managers may, but are not obligated to, purchase or sell securities for several client accounts at approximately the same time. Such orders may be combined or “batched” to facilitate obtaining best execution and/or to reduce brokerage commissions or other costs. Batched transactions are executed in a manner intended to ensure that no participating Fund of the Managers is favored over any other Fund.

### **Item 13: Review of Accounts**

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The investments made by the Funds are generally private, illiquid and long-term in nature. Accordingly, the account review process is not directed toward a short-term decision to dispose of securities. However, Forward reviews the Funds’ investments to confirm that such investments are consistent with the Funds’ investment strategies and objectives.

Forward will provide to its Limited Partners (i) audited financial statements annually, (ii) unaudited financial statements for the first three quarters of each fiscal year, (iii) annual tax information necessary for each partner's U.S. tax returns, and (iv) descriptive investment information for each portfolio company periodically.

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**Item 14: Client Referrals and Other Compensation**

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As discussed in the "Fees and Compensation" section, the Managers and/or their affiliates may receive certain fees from a Fund's portfolio companies. As described in the applicable Fund's Partnership Agreement, a portion of this compensation may, in certain circumstances, offset a portion of the Management Fees otherwise payable by the Funds, but certain compensation, such as compensation for services provided to portfolio companies in the ordinary course or for serving as an employee of a portfolio company, are not included in the offset amounts.

From time to time, Forward enters into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees and expenses payable to any such third parties will be borne by Forward directly or indirectly through an offset against the Management Fee of the applicable Fund.

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**Item 15: Custody**

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We will be deemed to have custody of Client funds and securities because we have the authority to obtain Client funds or securities, for example, by deducting advisory fees from a Client's account or otherwise withdrawing funds from a Client's account. Account statements related to the Clients are sent by qualified custodians to Forward.

We will comply with Rule 206(4)-2 of the Advisers Act (i.e., the "custody rule") by meeting the conditions of the pooled vehicle annual audit approach. Upon completion of the relevant Fund's annual audit by an independent auditor that is registered with, and subject to inspection by, the Public Company Accounting Oversight Board (PCAOB), we will distribute the Fund's audited financials to Investors within 120 days of such Fund's fiscal year end.

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**Item 16: Investment Discretion**

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Forward has full discretionary investment authority with respect to the Funds, including authority to make decisions with respect to which securities to be bought and sold, as well as the amount and price of those securities.

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**Item 17: Voting Client Securities**

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In accordance with SEC requirements, the Managers have adopted Proxy Voting Policies and Procedures (the "**Policy**") to address how any Manager will vote proxies, as applicable, for the Funds' portfolio investments. The Policy seeks to ensure that the applicable Manager votes proxies (or similar instruments) in the best interest of the Funds, including when there may be material conflicts of interest in voting proxies. The Managers generally believe their interests are aligned with the Funds' investors through the Managers' Principals' beneficial ownership interests in the Funds and therefore generally do not expect to seek investor approval or direction when voting proxies. In the event, however, there is or may be a conflict

of interest between the applicable Manager and the Funds in voting proxies, the Policy outlines several alternative approaches that the Manager may take to address the conflict. The Managers do not consider service on portfolio company boards by Manager personnel or Principals or the Managers' receipt of management or other fees from portfolio companies to create a material conflict of interest in voting proxies with respect to such companies. In addition, the Policy sets forth certain specific proxy voting guidelines the Managers follow when voting proxies on behalf of the Funds. A copy of the Policy or information regarding how the Managers voted proxies for particular portfolio companies will be provided to clients or prospective clients at no charge upon request to [christina@forwardconsumer.com](mailto:christina@forwardconsumer.com).

#### **Item 18: Financial Information**

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We are not required to include a balance sheet for our most recent fiscal year, are not aware of any financial condition reasonably likely to impair our ability to meet contractual commitments to Clients and have not been the subject of a bankruptcy petition at any time during the past ten years.