

Merits of Secondary Investing

- The private equity secondaries market provides a way for investors to sell their existing private equity investments despite the illiquid nature of the asset class
- The secondary strategy has the potential for an attractive risk-reward profile:
 - Investments in mature assets that typically yield more predictable and earlier cash flows
 - Investments draw down and return capital more quickly than with primary funds – this mitigates the "J-curve"
 - Provides diversification across vintage years, fund managers, strategies, industries and geographies
 - Investments in re-priced existing assets to reflect current performance and economic environment

Summary Terms

The following is a summary of selected principal terms and is qualified in its entirety by reference to the Confidential Private Offering Memorandum of the Onshore Feeder Fund, including the Confidential Private Placement Memorandum of the Fund attached thereto, and the legal documentation relating to the Onshore Feeder Fund and the Fund.

	Fund	Onshore Feeder Fund
Fund Name	Secondary Opportunities Fund III, LP	Secondary Opportunities Fund III Private Client Feeder Fund (U.S.), L.P.
Structure	English Limited Partnership	Delaware Limited Partnership
Strategy	Invest in private equity assets on the secondary market globally	Invest in the Fund
Minimum Commitment	\$5 million	\$500,000
Target Size	\$1 billion	N/A
Fund Term	7 years from the date of the final closing plus up to 5 one-year extensions at the manager's discretion	Will follow the term of the Fund, plus an additional six months
Capital Calls	For the purposes of making portfolio investments and/or paying expenses; with not less than 12 business days' prior written notice	5 days' written notice
Investment Period	4 years from the final closing	Will follow the investment period of the Fund
Auditor	Any of Pricewaterhouse Coopers LLP, Deloitte Touche Tohmatsu, KPMG or Ernst & Young, LLP	Any of Pricewaterhouse Coopers LLP, Deloitte Touche Tohmatsu, KPMG or Ernst & Young, LLP
Administrator	State Street Bank and Trust Company	State Street Bank and Trust Company
Legal Counsel	Debevoise & Plimpton LLP	Cleary Gottlieb Steen & Hamilton LLP
Reporting	Annual manager's report, audited financial statements and quarterly unaudited financial statements and capital account statements (2nd and 3rd quarters only)	Quarterly reports, capital account statements and year-end audited financial statements
Upfront Placement Fee	N/A	Up to 2.50% of commitment
Management Fee⁸		
Investment Period	1.25% of commitments	0.75% of commitments
Two Years after the end of the investment Period	1.00% of invested capital ⁹	0.50% of invested capital ⁹
Thereafter through the end of the Fund term ⁸	The greater of 90% of the annual profit share of previous year and 0.25% of invested capital	The greater of 90% of the management fee payable of the previous year and 0.20% of invested capital
Carried interest	12.50% after an 8.00% preferred return with a 100.00% special limited partner catch-up and full clawback	N/A; paid at the Fund, not the Onshore Feeder Fund level
Subsequent Closing Fee (if not first close)	Higher of (a) three-month LIBOR plus 2.00% and (b) 8.00%	Same as the Fund
First Close Fee Break	5 basis points p.a. on management fee	N/A

Please read the Confidential Private Offering Memorandum of the Onshore Feeder Fund and the Confidential Private Placement Memorandum of the Fund (the "Memoranda") for the full disclosure of risk factors, conflicts of interest, complete terms, and regulatory and tax considerations of the Fund and the Onshore Feeder Fund. Please refer to the Certain Risk Factors section of the Marketing Presentation of the Onshore Feeder Fund.

Notes: For further disclosure of fees, such as fees and expenses paid by the Onshore Feeder Fund and the Fund, please refer to your subscription agreement and the Memoranda. In addition to the fees and expenses described above, the Fund and the Onshore Feeder Fund will incur performance fees, management fees and expenses charged by the selected underlying funds in which the Fund invests. As a result, the fee structure of the Onshore Feeder Fund and the Fund will be higher than if the investor invested directly in the selected underlying funds. In addition, investors investing in the Onshore Feeder Fund rather than directly through the Fund will be subject to an additional layer of expenses.

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