

Camden Partners Strategic Manager, LLC

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I. Cover Page

This brochure provides information about the qualifications and business practices of Camden Partners Strategic Manager, LLC. If you have any questions about the contents of this brochure, please contact us at (410) 878-6800. The information in this brochure has not been approved or verified by the United States Securities and Exchange Commission or by any state securities authority. Additionally, registration with the SEC as an investment adviser does not imply a certain level of skill or training.

Additional information about Camden Partners Strategic Manager, LLC, also is available on the SEC's website at www.adviserinfo.sec.gov.

Date: December 21, 2011

II. Material Changes

As of May 16, 2011, Camden Partners Strategic Manager, LLC is an indirect subsidiary of Wilmington Trust Corporation (“WT Corp.”), who in turn is owned by M&T Bank Corporation (“M&T”). This Brochure dated December 21, 2011 was revised as a result of the WT Corp.’s merger into the M&T organization.

Currently, our Brochure may be requested by contacting Donald Hughes at 410-878-6820 or dhughes@camdenpartners.com. Our Brochure is also available on our web site www.camdenpartners.com, also free of charge.

Additional information about Camden Partners Strategic Manager, LLC is also available via the SEC’s web site www.adviserinfo.sec.gov. The SEC’s web site also provides information about any persons affiliated with Camden Partners Strategic Manager, LLC who are registered, or required to be registered, as investment adviser representatives of Camden Partners Strategic Manager, LLC.

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VI. Advisory Business

Camden Partners Strategic Manager, LLC (the “Registrant”), together with Camden Partners Holdings, LLC (“CPH”), Camden Partners Private Equity Advisors, LLC (“CPEA”), and Camden Partners Equity Managers I, LLC (“CPEM”), provide investment advice to private investment funds. CPH, CPEA, and CPEM are each registered as investment advisers under the Investment Advisers Act of 1940, as amended. The Forms ADV prepared for CPH, CPEA, and CPEM describe the activities of each of them in detail.

The Registrant has been providing investment advisory services since 2004 and is principally owned by David L. Warnock, Richard Berkeley, and Donald Hughes.

The Registrant provides investment advisory services to the private investment funds discussed below.

A. Advisory Services

The Registrant serves as the Managing Member of the General Partner of the following four private equity funds:

- Camden Partners Strategic Fund III, L.P. (“Fund III”)
- Camden Partners Strategic Fund III-A, L.P. (“Fund III-A”)
- Camden Partners Strategic Fund IV, L.P. (“Fund IV”)
- Camden Partners Strategic Fund IV-A, L.P. (“Fund IV-A”)

Fund III and Fund III-A are known collectively as “Strategic Fund III”. Fund IV and Fund IV-A are known collectively as “Strategic Fund IV”. The General Partner of the Strategic Fund III is Camden Partners Strategic III, LLC. The General Partner of the Strategic Fund IV is Camden Partners Strategic IV, LLC.

Strategic Fund III and IV are private investment funds that primarily in late stage private companies and to a lesser extent, smaller capitalization public companies. The funds’ investments generally are made through direct negotiated and structured transactions and consist primarily of senior equity and equity-linked debt securities. Through its senior securities investments, the funds’ influence the affairs and corporate management of portfolio companies, frequently including rights to nominate directors. Detailed information regarding Strategic Fund III and IV is provided in the funds’ private placement memorandum.

As the Managing Member of Strategic Fund III and IV, the Registrant will exercise final approval with respect to the selection of investments and will determine the amount of capital

committed to each such investment. The Registrant has entered into a management agreement with CPH. CPH will provide investment management services, perform due diligence on investment opportunities, negotiate the terms of each investment, and advise the Registrant on the selection of investments, as well as perform such other duties as are delegated to it by the Registrant.

B. Tailored Services

Generally, the Registrant does not tailor advisory services to the individual needs of its clients. As the Managing Member of the General Partner of each of the above funds, the Registrant exercises final approval over the selection of investments and determines the amount of capital committed to each investment. Each fund has its own identifiable Target Markets to identify potential portfolio companies.

C. Wrap Fee Programs

The Registrant does not provide portfolio management services to wrap fee programs.

D. Client Assets

Camden Partner Strategic Manager, LLC manages client assets. As of December 31, 2010, the following assets are under the Registrant supervision:

Discretionary Basis	\$ 247,771,944
Non-Discretionary Basis	-
Total Assets under Management	<u>\$ 247,771,944</u>

V. Fees and Compensation

A. Management Fees

As part of the management agreement between the Registrant and CPH, CPH offers investment advisory services for a percentage of the assets under its management. CPH is compensated through management fees as described below:

Fund	Timing of Fee Payment	Fee Calculation
Strategic Fund III	Quarterly in advance	Annual rate based on the capital committed to the fund

Strategic Fund IV	Quarterly in advance	Annual rate based on the capital committed to the fund
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After a specified number of years, the management fee rate for each fund will decrease. Management fees are generally deducted from capital contributions made to each fund by the client. All directors' fees, consulting fees, investment banking fees and other remuneration paid to CPH will be credited against the Management Fees already discussed. As mentioned in the table above, each client pays the management fee in advance each quarter. Refer to the table above for details on the timing of management fees.

B. Additional Fees and Expenses

In addition to the Management Fees described above, the individual investment funds are responsible for a number of expenses that are incurred by or on behalf of the fund. Below is a list of general expenses and fees that could be expected to be incurred by a CPH-managed private investment fund:

- Commissions, brokerage fees or similar charges incurred due to the purchase and sale of securities
- Expenses relating to the fund's annual and special meetings with its Limited Partners
- All expenses relating to litigation and threatened litigation involving the fund
- Normal and extraordinary investment banking, investment management, legal, custodial, auditing, tax and accounting services provided to the fund
- Other non-recurring or extraordinary expenses properly chargeable to the business of the fund

The above list is not all-encompassing and only provides a sampling of the fees and expenses that may be incurred in running an investment fund. For more information, please refer to each fund's offering documents. Clients will incur brokerage and other transaction costs as an investor in the above funds; refer to Item XII – Brokerage Practices within this brochure for details.

C. Compensation for Sale of Securities or Other Investment Products

As a registered investment adviser, Camden Partner Strategic Manager, LLC is required to disclose whether any officer, partner, director, or employee receives compensation for the sale of specific securities or other investment products. However, information required by this Item is not applicable to the Registrant.

VI. Performance-Based Fees and Side-By-Side Management

The Registrant acts as the General Partner of each of the funds discussed above. Therefore, the Registrant is entitled to an allocation of all distributions paid to other members of the fund. The Registrant will receive carried interest distributions from each fund, which will be paid through preferential distributions made to the Registrant. Carried interest distributions will be equal to a specified return after the members receive back their capital contributions plus a preferred return. Once the members receive back their capital contributions plus a preferred return, the Registrant will then receive distributions to catch it up for the preferred return paid to the members. Following this catch-up, the Registrant will receive its carried interest.

Conflicts of interest may exist where an adviser and its affiliates manage more than one private investment fund. The Registrant or an affiliate may give advice to a fund which differs from the advice given to another fund, even though the funds' investment objectives may be the same or similar. Conflicts of interest also may exist in the allocation of an investment opportunity among the funds for which The Registrant serves as the Managing Member and funds advised by CPH. Potential conflicts of interest are expected to be limited because the funds have different investment objectives.

Because of differing objectives or other factors, the members, managers, employees, and related persons of the Registrant and the funds they manage may take investment positions in securities that are different from, or opposite to, the positions taken by a fund. Generally, the Registrant, its members, managers, employees, or related persons may become aware of, and participate in, business opportunities in which a client and/or fund will not be given an opportunity to participate, even if such opportunity is of a character that, if presented to the client and/or fund, could be taken by the client and/or fund.

The Registrant has established Valuation Committees for Strategic Fund III and IV that consists of up to three members who are representatives of the Limited Partners and have been selected by the General Partner. No person affiliated with the General Partner may be selected. The Valuation Committee reviews and approves the semi-annual valuations of each fund's assets prepared by the General Partner. The Valuation Committee resolves conflicts of interest that may arise between a fund and a General Partner of any of its affiliates.

Strategic Fund III and IV each have policies pursuant to which, where practicable, companies in which the funds invest are requested to offer con-investment opportunities to qualified Limited Partners.

The Registrant has adopted a code of ethics that sets forth standards of ethical conduct and requires compliance with federal securities laws. The code of ethics requires designated

personnel report personal securities holdings and transactions and obtain preapproval of certain investments. The Registrant has also adopted an insider trading policy that restricts the use and communication of material nonpublic information.

VII. Types of Clients

The Registrant acts as the Managing Member of the General Partner to the private investment funds discussed above in Item IV – A. Advisory Services. Each of these funds requires investors to make a specified minimum investment. The Registrant, on behalf of Strategic Fund III and IV, possesses the authority to accept subscriptions for capital commitments of lesser amounts and accept or reject any subscription for investment in its sole and absolute discretion. For some funds, the minimum investment required is different depending on whether the client is an institutional investor or an individual accredited investor. Refer to the table below for details on each fund’s minimum investment requirement:

Fund	Institutional Investor Min.	Individual Investor Min.	Negotiable?
Fund III	\$5,000,000	\$1,000,000	Yes
Fund IV	\$5,000,000	\$1,000,000	Yes

Strategic Fund III and IV are closed to new investors. Institutional investors may include pension and other funds subject to the Employee Retirement Income Security Act of 1974, as amended (“ERISA”). Each Fund may require certain customary representations or assurances from Benefit Plan Investors (as defined below) to determine the Fund’s compliance with legal provisions applicable to them. Each Fund intends to ensure that its members that are benefit plan investors as defined in 29 C.F.R. §251 0.3-1 01 (“Benefit Plan Investors”) will not hold in the aggregate 25% or more of the aggregate value of any class of interests in that fund.

VIII. Methods of Analysis, Investment Strategies and Risk of Loss

A. Methods of Analysis & Investment Strategies

The Registrant, as the Managing Member of the General Partners of each of the private investment funds, developed unique investing strategies to identify potential portfolio companies. These strategies have resulted in each fund’s performance as discussed below.

Camden Partners Strategic Fund III, L.P. and Camden Partners Strategic Fund III-A, L.P.

The investment objective of Fund III is to identify and invest in late stage private and undervalued micro-cap and small-cap companies with superior growth prospects. Fund III concentrates on companies in need of capital for expansion or financial/ownership restructuring. The Registrant identifies and evaluates potential investments based on proprietary deal flow and original research. Through its senior securities investments, Fund III influences the affairs and corporate management of portfolio companies, which frequently includes the right to nominate directors. Fund III assets may be invested on an interim basis pending investment or pending distribution to Limited Partners. Such interim investments may include money market funds, U.S. treasury obligations, bank certificates of deposit, and other instruments having short maturities.

Camden Partners Strategic Fund IV, L.P. and Camden Partners Strategic Fund IV-A, L.P.

The investment objective of Fund IV is to identify and invest in late stage private and undervalued micro-cap and small-cap companies with superior growth prospects. Fund IV concentrates on companies in need of capital for expansion or financial/ownership restructuring. CPH identifies and evaluates potential investments based on proprietary deal flow and original research. Through its senior securities investments, Fund IV influences the affairs and corporate management of portfolio companies, which frequently includes the right to nominate directors. Fund IV assets may be invested on an interim basis pending investment or pending distribution to Limited Partners. Such interim investments may include money market funds, U.S. treasury obligations, bank certificates of deposit, and other instruments having short maturities.

B. Risk Factors

Potential investors should be aware that an investment in any of the funds managed by CPH involves a significant degree of risk. There can be no assurance that the funds' investment objectives will be achieved, or that an investor will receive a return of capital. Risks associated with an investment in the funds include, but are not limited to, the following, and should be carefully evaluated before making an investment in the funds in which the Registrant acts as the managing member of the General Partner.

General

Private Equity investing involves a high degree of business and financial risk that can result in substantial losses. In order for the funds to succeed, they must be able to accurately

identify potentially successful business enterprises, a process which is difficult even for those with extensive experience in the venture capital field.

An investment in the funds is highly speculative, involves a high degree of risk and could result in the loss of part or all of an investor's capital contribution. Therefore, investors should not subscribe for interests unless they can bear such a loss. Moreover, there can be no assurance that the funds' investment objectives will be achieved and investment results may vary materially from one reporting period to the next. Consequently, an investment in the funds is suitable only for sophisticated investors with substantial other assets who are capable of making an informed independent decision as to the risks involved in an investment in the funds.

Nature of Fund Investments

The portfolio companies in which the funds will invest are likely to face intense competition, including competition from companies with greater financial resources, more extensive development, production, marketing and service capabilities and a larger number of qualified managerial and technical personnel. There can be no assurance that the development or marketing efforts of any particular portfolio company will be successful or that its business will be profitable.

Many of the funds' portfolio companies may be unseasoned, unprofitable and/or have limited operating history or earnings. These companies may also lack technical, marketing, financial and other resources or be dependent upon the success of one product or service, a unique distribution channel, or the effectiveness of a manager or management team. The failure of this one product, service or distribution channel, or the loss or ineffectiveness of a key executive or executives within the management team may have a materially adverse impact on such companies. Furthermore, these companies may be more vulnerable to competition and to overall economic conditions than larger, more established entities.

The funds may invest in companies at early stages of development, including the seed and start-up-stage. Particularly in early-stage enterprises, a major risk exists that a proposed service or product cannot be developed successfully with the resources available to the portfolio company. There is no assurance that the development efforts of any portfolio company will be successful or, if successful, will be completed within the budget or time period originally estimated.

Following their initial investment in portfolio companies, the funds anticipate that portfolio companies will require additional funding, and that the funds may have the opportunity to increase their investment in successful portfolio companies. There can be no assurance that

the funds will make, or will have the resources to make, follow-on investments. Any decision by the funds not to make follow-on investments, or their inability to make them, may have a substantial adverse effect on a portfolio company in need of such an investment, may result in a missed opportunity for the funds to increase their participation in a successful enterprise, may result in significant dilution of any existing portfolio company investment, or may cause a decrease in the value of the funds' portfolio.

Lack of Diversification

The funds intend to participate in a limited number of portfolio investments and, as a consequence, the aggregate return of the funds may be materially and adversely affected by the unfavorable performance of even a single portfolio investment. In addition, while it is the intention of the General Partner of each fund to not invest more than 15% of each fund's committed capital in any one portfolio company, there is no assurance that sufficient diversification of investments can be properly achieved. The funds may invest more than 15% of their committed capital in a single company with Valuation Committee approval. The funds will focus on investments primarily in identifiable target industries. Thus, the performance of the funds will be closely linked to the performance of these industries and the funds could be severely impacted by adverse developments affecting these industries. There can be no assurance that the funds will be able to find a sufficient number of attractive investments to enable the full amount of the capital committed to the funds to be invested or find joint ventures or strategic alliances.

Reliance upon Portfolio Company Management

Although the General Partner of each fund will generally seek to secure representation on the board of directors of portfolio companies and hopes to develop a good working relationship with the management of such companies, the funds are not expected to have an active role in the day-to-day management of the companies in which they invest. To the extent that the senior management of a portfolio company performs poorly, or if a key manager terminates employment, the funds' investment in such company could be adversely affected.

Lack of Control

The funds generally will seek to structure investments so that they will have some level of control over portfolio companies, at least as to major corporate decisions. However, the funds expect that they will hold minority interests in most companies and, therefore, may have limited ability to protect their position and investment. Generally, as a condition to any investment, the funds will seek to obtain special rights and protective provisions, which will be negotiated at the time of the investment. There can be no assurance that the funds will be

able to obtain such protective provisions or that, if such provisions are obtained, they will be effective.

Regulations Applicable to Portfolio Companies

The funds intend to invest in portfolio companies in identifiable target industries. Companies operating in these industries are sometimes subject to extensive state, federal and foreign regulations governing their business activities. The failure to obtain applicable regulatory approvals and maintain those approvals may subject the applicable portfolio company to civil penalties, suspension or withdrawal of regulatory approval obtained, product recalls and seizures, injunctions, operating restrictions and criminal prosecutions and penalties. Any of these events, individually or in the aggregate, have a material adverse effect on the funds' investment in such company.

Illiquid Fund Investments

Most of the portfolio companies in which the funds expect to make investments will initially be privately held. As a result there will be no readily available secondary market for the funds' interests in such portfolio companies, and those interests will be subject to legal restrictions on transfer. Therefore, there is no assurance that the funds will be able to realize liquidity for such investments in a timely manner, if at all. Unless a portfolio company subsequently succeeds in obtaining approval from the relevant authorities to list its shares on a recognized exchange, this avenue to liquidity will not be available to the funds, which must then rely on other means to achieve liquidity. In addition, the funds may be precluded from selling their shares in a public portfolio company for some time after such portfolio company's initial public offering, if any. It may be difficult for the funds to value their interests in privately held portfolio companies.

Use of Leverage in Certain Investments

While investments in leveraged companies offer the opportunity for capital appreciation, such investments also involve a higher degree of risk. The funds' investments may involve varying degrees of leverage. As a result, economic downturns, operating problems and other general business and economic risk may have a more pronounced effect on the profitability or survival of such companies. Moreover, rising interest rates may significantly increase portfolio company interest expense, causing losses and/or the inability to service debt levels. If a portfolio company cannot generate adequate cash flow to meet debt obligations, the funds may suffer a partial or total loss of capital invested in the portfolio company. Additionally, the securities acquired by the funds may be the most junior in what will

typically be a complex capital structure of the portfolio company, and thus subject to the greatest risk of loss.

Competition for Investments

The funds expect to encounter intense competition from other entities and investors having investment objectives similar to the funds'. Historically, the primary competition for private equity investments for later stage private companies and for privately negotiated investments in micro-cap public companies has been from venture capital funds and corporations, venture capital affiliates of large industrial companies, wealthy individuals and foreign investors. Additional competition is anticipated from industrial and financial companies, including hedge funds, investing directly, rather than through venture capital entities. There is no assurance that the funds will succeed in finding investments on similar or favorable terms in comparison to their competitors.

Difficulty of Locating Suitable Investments

The funds may be unable to find a sufficient number of attractive opportunities to meet their investment objectives. The investment performance of prior businesses or investments managed by any of the principals of the funds cannot be relied on as an indicator of the funds' future performance or success. An investor must rely on the ability of the General Partner and the principals of each fund to identify, structure, and implement investments consistent with the funds' objectives and policies. Investors will not have the opportunity to evaluate the business, financial and other information which will be used by the General Partner and the principals of each fund in their analysis, selection, and monitoring of portfolio company investments for the funds.

Risks of Certain Dispositions of Assets

In connection with the disposition of an investment in a portfolio company, the funds may be required to make representations about the business and financial affairs of the portfolio company typical of those made in connection with the sale of any business. They may also be required to indemnify the purchasers of such investment to the extent that any such representations turn out to be inaccurate. These arrangements may result in contingent liabilities, which might ultimately have to be funded by the investors to the extent of their capital commitment to the funds or previous distributions made to them.

Reliance on the General Partner and its Principals

The General Partner of each fund will have exclusive responsibility for managing the fund's activities. Investors will not be able to make investments or any other decisions in the management of the funds. Additional partners may be admitted to the General Partner of each fund following the fund's initial closing, or existing partners may withdraw, and the investors will have no power to prevent any specific person from being admitted to, or withdrawing from, the General Partner of each fund. In the event that the principals are no longer engaged in the active day-to-day management of the General Partner, there is no assurance that the funds will be able to make further investments or successfully realize upon any existing investments. The loss of one or more Principals could have a material adverse effect on the business of the funds.

Reliance on the Management Company

The success of the funds depends, in part, on the ability of CPH to develop and implement investment strategies that achieve the funds' investment objectives. Subjective decisions made by CPH may cause the funds to incur losses or miss profit opportunities. In addition, the overall performance of the funds is also dependent upon the ability of CPH to select and allocate the funds' assets among their portfolio companies. There can be no assurance that the allocations made by CPH will prove as successful as other allocations that could have been made.

Distributions of Assets Other Than Cash

The funds may elect to make distributions to their investors of assets other than cash, including securities or other non-cash properties. An investor that receives assets other than cash from the funds may incur substantial costs and delays in converting those assets to cash.

Conflicts of Interest

The funds may invest in companies in which a conflict of interest, or an apparent conflict of interest, exists or may exist. Each fund's partnership agreement will contain certain protections for investors against conflicts of interest faced by the General Partner and its partners, but will not purport to address all types of conflicts that may arise. Moreover, as a practical matter, it may be difficult for investors to subject the behavior of the General Partner and its partners to close scrutiny. By acquiring an interest, each investor will be deemed to have acknowledged the existence of such actual and potential conflicts of interest.

Absence of Effective Remedies against the General Partner

There can be no assurance that adequate remedies will be available to any investor if the General Partner of a fund fails to perform its duties and the fund's partnership agreement does not afford the investors rights to remove the General Partner except in very limited circumstances. The funds' partnership agreements include provisions for exculpation and indemnification of the General Partner and its respective partners, members, managers, officers, directors, shareholders, employees and affiliates. Furthermore, the partnership agreements contain provisions which limit the ability of the investors to commence an action against the General Partner, its principals, and others unless a specified percentage in interest of the investors agree to commence such action. Therefore, investors may have more limited rights of action than they would have absent such limitation.

Establishment of Additional Partnerships

Subject to the terms of the partnership agreements, the General Partner and principals of each fund may organize a new private equity fund substantially similar to the funds. Any such new successor fund may be interested in the same investment opportunities as the funds. There is no assurance that investors in the funds will be offered the opportunity to participate in any subsequent partnerships.

Penalty for Failure to Make Capital Contributions

Failure of an investor to meet a capital call could have materially adverse consequences, including without limitation, forfeiture of all or a portion of the interests of the defaulting investor or forced sale of the defaulting investor's interest.

General Partner's Profits Interest

The capital contribution of the General Partner of each fund will represent only a small percentage of the fund's capital. Investors will invest greater amounts and receive a proportionately smaller interest in the profits of the funds than the General Partner.

Because the percentage of profits allocated to the General Partner will exceed the capital percentage of the General Partner, and because certain net losses otherwise allocable to the General Partner will be specially allocated to all investors, the General Partner may have an incentive to make investments that are riskier or more speculative than if the General Partner received allocations on a basis identical to that of the investors or were compensated on a basis not tied to the performance of the funds.

Restrictions on Transfer and Withdrawal

There will be no public market for investors' interests in the funds. In addition, the interests are not transferable except with the consent of the General Partner of that specific fund. Investors may not withdraw capital from the funds. Consequently, investors may not be able to liquidate their investments prior to the end of a fund's term. In addition, the interests have not been registered under the Securities Act or any other applicable securities laws, and such laws will further restrict an investor's ability to transfer interests in the funds.

Certain Litigation Risks

The funds will be subject to a variety of litigation risks, particularly if one or more of their portfolio companies face financial or other difficulties during the term of the funds. Legal disputes, involving any or all of the funds, the General Partner of the funds, their partners or affiliates, may arise from the foregoing activities (or any other activities relating to the operation of the funds or their General Partners) and could have a significant adverse effect on the funds.

Securities Law Matters

Investors' interests in the funds are not and will not be registered under the Securities Act, or any other securities laws, including state securities or blue sky laws. The interests will only be offered and sold to "accredited investors" as defined in Rule 501 of Regulation D promulgated under the Securities Act. Such interests will be offered without registration in reliance upon the Securities Act exemption for transactions not involving a public offering. Investors will be required to make certain representations to the funds, including that they are acquiring interests in the funds for their own account, for investment purposes only and not with a view to their distribution.

Investment Company Act Considerations

The funds are not registered under the United States Investment Company Act of 1940, as amended (the "Investment Company Act"). Therefore, investors in the funds are not afforded the protection provided by the Investment Company Act and the extensive regulations thereunder.

Taxation

Investors are urged to consult their own tax advisors with respect to their own tax situations and the effect of an investment in the funds.

Service on the Board of Directors

One or more of the principals or other persons affiliated with the General Partner of a fund may serve as directors of certain of the fund's portfolio companies. Such service, especially in light of new statutes and regulations relating to corporate governance and increased scrutiny of corporate boards, could expose the funds or their General Partners and affiliates to regulatory action and/or claims by a portfolio company, its security holders and its creditors. While the funds' General Partners intend to manage the funds in a way that will minimize exposure to these risks, the possibility of successful claims or adverse regulatory actions cannot be eliminated, and such events may have a significant adverse effect on the funds.

In their capacity as directors of portfolio companies, such persons will be subject to fiduciary and other duties to the portfolio company on whose board they serve. These duties may on occasion conflict with the best interests of the funds. For example, the funds' ability to sell the publicly traded securities of a portfolio company may be limited if any such directors are in possession of material nonpublic information relating to such portfolio company.

Confidential Information

Each fund's partnership agreement will contain confidentiality provisions intended to protect proprietary and other information relating to the funds and the fund's portfolio companies. To the extent that such information is publicly disclosed, competitors of the funds and/or their portfolio companies, and others, may benefit from such information, thereby adversely affecting the funds, their portfolio companies, their General Partners, and the economic interests of the investors.

Lack of Separate Legal Counsel

Wilmer Cutler Pickering Hale and Dorr LLP ("WilmerHale") serves as legal counsel to the Registrant, the General Partners of the funds, the funds and certain of their affiliates. WilmerHale does not serve as legal counsel to any investor that becomes a limited partner of the funds by virtue of an investment in the funds. Although WilmerHale assisted in the preparation of this brochure and may from time to time advise the Registrant, the General Partner of the funds, the funds and certain of their affiliates with respect to their respective obligations to the funds, WilmerHale has not independently verified any factual assertions made in this brochure and is not responsible for either the funds' compliance with its investment program or applicable law. No person should invest in the funds as a result of participation in the preparation of this brochure by WilmerHale or its representation of the

Registrant, the General Partner, the funds and certain of their affiliates. The General Partner, the funds, and WilmerHale urge each prospective investor to consult with his, her or its own legal, accounting, business, investment, pension and tax advisors to determine the appropriateness and consequences of an investment in the funds and arrive at an independent evaluation of the merits of such investment.

C. Recommending Specific Security-Types

As part of its role as Managing Member of the General Partner of Strategic Fund III and IV, the Registrant does not recommend specific types of securities to clients. As part of its investment strategy in both funds, the Registrant seeks to obtain senior securities in portfolio companies in exchange for its investment. As mentioned previously, senior securities give the Registrant funds the ability to influence the affairs and corporate management of portfolio companies.

IX. Disciplinary Information

As a registered investment adviser, the Registrant is required to disclose all material facts regarding any legal or disciplinary events that would materially affect an evaluation of the Registrant or the integrity of its management. However, information required by this Item is not applicable to the Registrant.

X. Other Financial Industry Activities and Affiliations

The Registrant is affiliated with the following financial industry entities in addition to the private investment funds previously discussed.

Camden Partners Holdings, LLC

The Registrant is under common control with CPH. CPH is the management company of the direct investment fund products mentioned throughout this brochure. CPH is an investment adviser registered with the SEC. The Form ADV prepared for CPH describes its activities in more detail.

Camden Partners Equity Managers I, LLC and Camden Partners Private Equity Advisors, LLC

The Registrant is under common control with CPEM. CPEM is the Managing Member of the General Partner of the funds of funds products. CPEA is the management company of CPEM's private equity funds of funds products. CPEM and CPEA are both advisers

registered with the SEC. The Forms ADV prepared for CPEM and CPEA describe their activities in more detail.

Cahill, Warnock & Co., LLC

Cahill, Warnock & Co., LLC is an investment adviser affiliated with CPH.

WT Investments, Inc., Wilmington Trust Corporation, and M&T Bank Corporation

WT Investments, Inc. (WTI) is a subsidiary of Wilmington Trust Corporation, a Delaware chartered bank and trust which in turn is owned 100% by M&T Bank Corporation. WTI has a 25% membership interest in Camden Partners Holdings, LLC. WTI has the right to receive up to 50 basis points of the management fee paid to CPH for accounts referred by WTI and its affiliates that invest in private equity fund offerings sponsored by CPH and its affiliates.

M&T Bank Corporation, Wilmington Trust, or their affiliates provides custodian and banking services to Strategic Fund III and IV, for which it is compensated.

Related persons of the Registrant are General Partners or Managing Members of other investment related Limited Partnerships and limited liability companies.

As part of its investing activities, the Registrant does not recommend or select other investment advisers to its clients where the Registrant receives direct compensation.

XI. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

A. Code of Ethics

The Registrant has adopted a code of ethics that sets forth standards of ethical conduct and requires compliance with federal securities laws. The code of ethics requires that designated personnel report personal securities holdings and transactions and obtain preapproval of certain investments. The Registrant has also adopted an insider trading policy that restricts the use and communication of material nonpublic information. The Registrant will provide a copy of the code of ethics and insider trading policy to clients and prospective clients upon request. The fundamental position of the Registrant is that, in effecting personal securities transactions, personnel of CPEM must place the interests of clients ahead of their own pecuniary interests at all times. Key elements of the Registrant's Code of Ethics include the following:

- Officers, Directors and employees are prohibited from trading, either personally or on behalf of others, in securities while in possession of material non-public information regarding these securities or communicating material non-public information to others.
- Employees are required to place the interest of clients above the interests of the Registrant or other Employees whenever a conflict may be present.
- Certain employees are required to submit annual and quarterly reports of security transactions for their own accounts or any account in which they have a direct or indirect beneficial interest. However, reports are not submitted for accounts that are not directly or indirectly controlled by the Registrant or the reporting individual. Transactions in money market instruments, direct obligations of the United States government, and shares of U.S. registered open-ended mutual funds are also excluded.
- Employees are required to certify annually that they have complied with the Registrant's Code of Ethics.
- Employees may not give or accept gifts or entertainment that are inappropriate or could be seen as overly generous or which could influence Employee decision-making.
- Certain employees are required to obtain advance approval to serve as a director or trustee of for-profit organizations and disclose any service on the board of any organization, including non-profit organizations.
- Certain employees are required to pre-clear any transactions in privately offered securities and initial public offerings.
- Employees that become aware of any violation of the Code of Ethics are required to report such violation to the Chief Compliance Officer.

B. Conflicts of Interest

Due to the nature of its business activities, the Registrant and its related persons may experience times where a conflict of interest might arise between certain parties. Refer to the descriptions below where possible conflicts of interest are identified and the course of action the Registrant takes to mitigate these conflicts is explained.

Other Business Activities

The Registrant, CPH, and their principals are required to devote as much of their time to the business of the Funds as is reasonably required in their sole and absolute discretion. The Registrant, CPH, and their affiliates may engage or have an interest in any other business venture or activity of any kind, even if such venture or activity is competitive with the business of Strategic Fund III and IV. The Registrant and its principals are contractually required to make available to Strategic Fund III and IV all appropriate investment

opportunities that come to their attention, except for investment opportunities in entities in which a different Camden-affiliated fund has previously invested.

Portfolio Companies

Members of the Registrant may receive cash and/or non-cash compensation (e.g., options) for serving as a director or consultant to portfolio companies in which Strategic Fund III and IV invests. Pursuant to the applicable Limited Partnership agreement, any cash or non-cash compensation received by a member of the Registrant will be credited against the management fee earned by CPH. Except in connection with such options, a member or employee of the Registrant may not invest for his or her own personal account in any securities held by Strategic Fund III and IV. Members and employees may invest for their personal accounts in the same areas of investment opportunity as those in which Strategic Fund III and IV may invest.

Managing Multiple Investment Funds

Conflicts of interest may exist where an adviser and its affiliates manage more than one private investment fund and/or other client account. The Registrant or an affiliate may give advice to a fund which differs from the advice given to another fund, even though the funds' investment objectives may be the same or similar. Conflicts of interest also may exist in the allocation of an investment opportunity among the funds for which the Registrant serves as the Managing Member of the General Partner and funds advised by CPH. Potential conflicts of interest are expected to be limited because the funds have different investment objectives.

Interaction between CPH-Managed Funds

Strategic Fund III and IV generally do not invest in portfolio companies in which other CPH-managed private investment funds make an investment without the prior consent of the appropriate Valuation Committees. In instances where the funds invest in portfolio companies that are also held in the portfolio of other Strategic Funds, these cross-over investments may result in a fund holding a security that is subordinate in ownership interest or in liquidation to a security held by another fund. Both Strategic Fund III and IV have a policy pursuant to which, where practicable, companies in which the Funds invest are requested to offer co-investment opportunities to qualified Limited Partners.

Valuation Committee

The Registrant has established a Valuation Committee for Strategic Fund III and IV that consists of up to three members who are representatives of the Limited Partners and who

have been selected by the General Partner. No person affiliated with the General Partner may be selected. The Valuation Committee reviews and approves the semi-annual valuations of Strategic Fund III and IV's assets prepared by the General Partner. The Valuation Committee resolves any conflicts of interest that may arise between Strategic Fund III and IV and the General Partner or any of its affiliates.

Fundraising Assistance

The Registrant, Strategic Fund III and IV, and/or the General Partner of the Strategic Fund III and IV may enter into arrangements with SEC-registered broker-dealers pursuant to which the broker-dealers will provide the Fund(s) with fundraising assistance for a fee. These fundraising activities will be conducted in accordance with applicable rules and regulations.

XII. Brokerage Practices

CPH is responsible for the day-to-day management of Strategic Fund III and IV, which includes the authority to select brokers or dealers to be used and commission rates paid, where applicable. In selecting brokers to execute transactions, CPH generally will seek to obtain the best price and execution for transactions, taking into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm, the scope and quality of brokerage services provided, and the firm's risk in positioning a block of securities.

Subject to CPH's duty to obtain best execution, CPH may execute transactions through brokers that provide Strategic Fund III and IV with fundraising assistance. See Item X and XI for a description of these fundraising arrangements.

The Registrant receives free research from a number of broker-dealers. This research is in each case given to the Registrant because of personal relationships of the Registrant's principals with persons at the broker-dealers and is not the result of soft dollar arrangements or any other arrangements with the broker-dealers. The Registrant will continue to receive the free research regardless of whether the Registrant chooses to execute client transactions with any of the broker-dealers providing the research. The value of research received by the Registrant is not considered when selecting brokers for execution of transactions in client accounts, but nevertheless could be perceived to create the potential for a conflict of interest under certain circumstances.

The Registrant does not consider client referrals from a broker-dealer or third parties when selecting broker-dealers.

In selecting brokers to execute transactions, the Registrant generally will seek to obtain the best price and execution for transactions. The Registrant takes into account factors such as price, size of order, difficulty of execution and operational facilities of a brokerage firm. Additional considerations are given to the scope and quality of brokerage services provided, and the firm's risk in positioning a block of securities.

XIII. Review of Accounts

The Registrant and CPH' investment advisory personnel review and monitor investments on a periodic basis. Nine of CPH' personnel are involved to varying degrees in the management of the portfolio companies of Strategic Fund III and Strategic Fund IV. With respect to each investment, these activities are performed by an associate and supervising executive officer.

Investors in Strategic Fund III and IV receive annual audited financial statements and quarterly reports of operations as well as all necessary tax reporting information. Investors in Strategic Fund III and IV also receive a quarterly letter regarding significant portfolio company developments, which have occurred since the prior quarterly letter.

XIV. Client Referrals and Other Compensation

The Registrant or a related person do not have any arrangements, oral or in writing, where it is paid cash by or receives some economic benefit (including commissions, equipment or non-research services) from a non-client in connection with giving advice to clients. The Registrant's Code of Ethics generally prohibits employees from accepting gifts, favors, and other inducements from counterparties or service providers, excepting certain common business courtesies. In addition, the Registrant or a related person directly or indirectly does not compensate any person who is not a supervised person of the Registrant for client referrals.

XV. Custody

The funds and securities of the Funds are held by qualified custodians. The Clients receive account statements directly from the qualified custodian at least quarterly. Each Fund is audited at least annually by an independent public accountant registered with, and subject to regulation inspection by, the Public Company Accounting Oversight Board and each investor receives audited financial statements within 120 days of the end of the Fund's fiscal year. All clients should carefully review these statements.

XVI. Investment Discretion

The Registrant serves as the Managing Member of the General Partner of Strategic Fund III and IV and will exercise final approval with respect to the selection of investments and will

determine the amount of capital committed to each such investment. The General Partner of each fund assumes such authority through the execution of the fund's limited partnership agreement. CPH will provide investment management services through a management agreement with Strategic Fund III and IV. Pursuant to the management agreement, CPH will perform due diligence on investment opportunities, negotiate the terms of each investment, and advise the Registrant on the selection of investments for Strategic Fund III and IV, as well as perform such other duties as are delegated to it by the Registrant.

XVII. Voting Client Securities

The Registrant is responsible for voting proxies in a timely manner and for the exclusive purpose of providing benefits to the applicable Fund(s). In this regard, the Registrant generally will, consistent with its fiduciary role, seek to enhance the value of the affected Funds portfolio by voting each company proxy in a manner that is designed to maximize the company's stock price.

A copy of the Registrant's proxy voting policies and procedures, as well as, information with respect to how the Registrant voted specific proxies is available upon request. Such request should be sent to the attention of Donald W. Hughes, Camden Partners Holdings, LLC, 500 East Pratt Street, Suite 1200, Baltimore, Maryland 21202.

XVIII. Financial Information

Information required by this Item is not applicable to the Registrant.