

# **Baird Asia Partners Management Company I, L.L.C.**

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February 29, 2012

**This brochure provides information about the qualifications and business practices of Baird Asia Partners Management Company I, L.L.C. If you have any questions about the contents of this brochure, please contact us at (414) 765-3500. 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.**

**Baird Asia Partners Management Company I, L.L.C. is an investment adviser registered with the SEC under the Investment Advisers Act of 1940, as amended. Such registration does not imply a certain level of skill or training. Additional information about Baird Asia Partners Management Company I, L.L.C. also is available on the SEC's website at [www.adviserinfo.sec.gov](http://www.adviserinfo.sec.gov).**

## Item 2. Material Changes

### Baird Asia Partners Management Company I, L.L.C.

#### **Change in Personnel**

On February 24, 2012, Paul Carbone, Managing Partner of Baird Private Equity, resigned from Robert W. Baird & Co. Incorporated (“Baird”). In connection with Mr. Carbone’s resignation, Gordon Pan was promoted to Managing Partner of Baird Private Equity. Mr. Pan is also the chairman of the Baird Capital Partners and Baird Venture Partners investment committees, is a member of the Baird Capital Partners Asia and Baird Asia Partners investment committees, helps set and manage the strategic direction of Baird Private Equity, and oversees and manages the relationships with limited partners, Baird, other Baird Private Equity funds and Baird Asia. Mr. Pan will continue to devote substantially all of his business time and attention to Baird Capital Partners.

#### **Change in Amount of Managed Assets**

As of December 31, 2011, Baird Asia Partners Management Company I, L.L.C. managed \$22.6 million on a discretionary basis and no assets on a non-discretionary basis, which was an increase from \$20.5 million as of December 31, 2010. The increase in assets was principally due to the increase in the value of the investments made by Baird Asia Partners I Limited Partnership (“BAP I”) pursuant to the terms of the limited partnership agreement of BAP I.

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## ***I. Advisory Business***

Baird Asia Partners Management Company I, L.L.C. (“BAP” or the “General Partner”) is the General Partner of Baird Asia Partners I Limited Partnership (the “Fund”). The Fund is a Delaware limited partnership, formed for the purpose of making investments in growth equity and change of control transactions in companies that would benefit from accessing manufacturing or distribution capabilities in China. The General Partner has the authority to make the investment decisions for the Fund and control the business and affairs of the Fund. The General Partner was formed by Baird Private Equity (“BPE”), the global private equity group of Robert W. Baird & Co. Incorporated (“Baird”). BPE was founded in 1989 and is based in Milwaukee, Wisconsin and Chicago, Illinois. Baird is the principal owner of BAP. Baird Financial Corporation owns more than 75% of Baird and Baird Holding Company owns more than 75% of Baird Financial Corporation.

BAP renders advice to the Fund, which is formed for the purpose of making investments in the Equity Securities of issuers in growth equity and change of control transactions in companies that would benefit from accessing manufacturing or distribution capabilities in China. Equity Securities means the common stock, convertible preferred stock, convertible debt, warrants, rights, and other interests in or convertible into the equity of an entity, and debt issued by an entity in which the Fund holds or acquires any of the foregoing, other than securities listed on an exchange or traded in a recognized quotation service or medium at the time of the acquisition by any such transaction. As the General Partner provides advisory services to the Fund, the General Partner does not tailor its advisory services to the needs of individual investors nor does it permit individual investors to impose restrictions on investing in certain securities or types of securities. As of December 31, 2011, BAP managed \$22.6 million on a discretionary basis and no assets on a non-discretionary basis.

## ***II. Fees and Compensation***

BAP will receive an annual management fee (the “Management Fee”) equal to 2.5% of the aggregate capital commitments of the limited partners of the Fund. The Management Fee is paid quarterly in advance and if payable for any period other than a full quarterly period shall be adjusted on a pro rata basis according to the actual number of days in such period. The Management Fee for the Fund will be reduced following the end of the Fund’s commitment period to an amount equal to 2% per annum of (1) the aggregate of all investments in equity securities made by the Fund since inception, less (2) the aggregate amount of distributions constituting a return of capital, less (3) the aggregate amount of any write-downs made by the General Partner resulting from a permanent decline in value of equity securities, less (4) the aggregate amount of losses of capital resulting from the disposition of investments in equity securities by the General Partner. In addition, after the General Partner has achieved an 8% preferred return, the General Partner is entitled to a 20% interest in the profits of the Fund (the “Carried Interest”) as more fully described in the Partnership Agreement. The Carried Interest will be paid incrementally as the Fund distributes funds to their partners. The Funds and other private investment funds invest on a long-term basis. Accordingly, investment advisory and other fees are paid during the term of each Fund and investors generally are not permitted to withdraw or redeem interests in the Fund. If the investor has specified an account at Baird, after the General Partner gives notice to the investor, Baird will deduct the Management Fee from the investors account. If the investor does not have an account at Baird, the General Partner will notify the investor as to when the Management Fee is payable. The General Partner has not negotiated a fee arrangement other than as described herein with any other investor.

The Fund will reimburse the General Partner for the following amounts: (1) all expenses payable to third parties (including placement or referral fees paid to Baird employees or third parties for soliciting limited partners to invest in the Fund) incurred by the General Partner in the organization of the Fund or in connection with an amendment to the Agreement of Limited Partnership of the Fund (“Organizational Expenses”) and (2) all reasonable costs and expenses (“Partnership Expenses”) incurred in good faith by the General Partner relating to the Fund’s activities, investments and business, including (a) all costs and expenses attributable to acquiring, holding and disposing of the Fund’s investments, (b) reasonable, out-of-pocket legal, accounting, auditing, consulting and other fees and expenses (including amounts to reimburse Baird and its affiliates for the portions of salaries and employee benefits of employees of Baird and its affiliates that the General Partner determines to be reasonably allocable to accounting and tax services provided by employees to the Fund), director and officer liability insurance premiums, marketing expenses of the Fund and the cost of holding partnership meetings, (c) costs, expenses and liabilities of the Fund, (d) all out-of-pocket fees and expenses incurred by the Fund, the General Partner or the General Partner’s members, managers, partners, officers and employees relating to investment and disposition opportunities for the fund not consummated (“Unconsummated Transaction Expenses”) (e) the Management Fee, (f) any taxes, fees and other governmental charges levied against the Fund and (g) all other ordinary expenses relating to the business of the Fund incurred by the General Partner.

The Funds will be permitted to purchase services from and otherwise engage in transactions with Baird and individuals who are officers or directors of Baird, provided that, in the case of such a purchase of services, the General Partner must determine that the terms are fair and reasonable to the Funds, and in the case of such a transaction, such transaction will be on terms no less favorable to the Funds than generally would be afforded to unrelated third parties in comparable transactions. From time to time, the General Partner may have entered into solicitation arrangements pursuant to which it compensated persons, including Principals and employees of Baird or its affiliates, for client referrals that resulted in the provision of investment advisory services by the General Partner. This payment may give Baird and employees of Baird an incentive to recommend an investment in the Fund based on compensation received, rather than on an investor's needs. To address this potential conflict, the Baird employee who recommends the investment in the Fund must have made the determination that the investment in the Fund was suitable for that investor. If the investor's investment in the Fund is held in a Baird fee-based account, the investor may not be charged an asset based fee on the value of the investor's BCP V holdings.

### ***III. Performance-Based Fees***

The General Partner will receive a carried interest or performance fee from investors in the Fund equal to 20% of all realized profits (as more fully described in the Partnership Agreement) after the General Partner has achieved an 8% preferred return. The fact that the General Partner's carried interest is based on a percentage of net profits may create an incentive for the General Partner to cause the Fund to make riskier or more speculative investments than otherwise would be the case. The significant investment of the members of the investment team (the "Principals") in the Fund and the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the investors, although the Principals have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to those interests.

### ***IV. Types of Clients***

The investors participating in the Fund may include individuals, banks or thrift institutions, other investment entities, pension and profit-sharing plans, trusts, estates or charitable organizations or other corporations or business entities and may include, directly or indirectly, Principals or other employees of the General Partner and its affiliates. An investor in the Fund must be an "accredited investor" under the Securities Act of 1933 and must have a net worth in excess of \$1,500,000 or be a "knowledgeable employee" under the Investment Advisers Act of 1940. BAP set target minimum investment levels for the Fund of \$500,000 for qualified individuals and \$1,000,000 for institutional investors; however, BAP, in its discretion, may have allowed for lower levels of commitment.

### ***V. Methods of Analysis, Investment Strategies and Risk of Loss***

The Fund's investment portfolio will 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 that clients should be prepared to bear.

BAP intends to fully utilize the experience, resources and contacts of BAL's principals. BAP's investment team will leverage the experiences and capabilities of BAL in two important ways. First, in the sourcing and evaluation of investment opportunities, BAL will help to determine whether a target company can benefit operationally and financially from a sourcing or distribution strategy in Asia. BAP does not intend to invest in any company that will not benefit from the resources and capabilities of BAL. Once BAP makes an investment in a target company, BAL will be responsible for implementing the Asia strategy on behalf of the portfolio company. From a financial perspective, BAP intends to fully utilize Baird's experience, resources and contacts to source, evaluate, enhance and exit investments. BAP has access to the Baird organization, which includes investment bankers, equity research analysts and private client financial advisors. BAP can leverage the human and intellectual capital of the broader organization to better source, evaluate and execute transaction opportunities. BAP has also established a BAP advisory board (the "Advisory Board") consisting of seasoned executives with extensive manufacturing, sourcing and distribution experience in the U.S. and Asia.

An investor should be aware of certain risk factors, which include, but are not limited to, those described in the Private Placement Memorandum and in this paragraph. Investments in portfolio companies through the Fund involve a high degree of risk and can result in substantial losses or a total loss. These risks include, but are not limited to, investing in companies that may operate at a loss, may have a substantial variation in operating results from period to period or may need substantial additional capital in order to support expansion or to achieve or maintain a competitive position. Moreover, these companies tend to be less diversified than other companies. As a result, the financial risks associated with such investments are significant. The Fund is likely to invest in only a limited number of portfolio companies and, as a consequence, the aggregate return on a limited partner's investment in the Fund may be substantially adversely affected by the unfavorable performance of even one investment of the Fund. The Fund's ability to liquidate its investments in portfolio companies will likely be limited because, in most cases, the portfolio companies will be privately held and the Fund may own a relatively large percentage of the portfolio companies' outstanding securities. Sales also may be limited by securities market conditions, which may be unfavorable for sales of securities of particular portfolio companies or portfolio companies in particular industries. These limitations on liquidity of the Fund's equity securities of portfolio companies could prevent a successful sale thereof, result in delay of any sale or reduce the amount of proceeds that might otherwise be. There is presently no public market for the limited partnership interests, and there are restrictions contained in the Partnership Agreement that are intended to prevent the development of a public market. The Partnership Agreement provides that the limited partnership interests may not be assigned without the prior consent of the General Partner and the General Partner is under no obligation to give such consent. Moreover, the General Partner does not intend to consent to any transfer unless the assignee is acceptable to the General Partner, satisfies all of the suitability requirements and subscribes to become a limited partner. A limited partner seeking to transfer limited partnership interests could incur legal and other costs in connection with the transaction. As a result of these restrictions, limited partners may not be able to liquidate their investment in the event of emergency or for any other reason. Such restrictions also may affect the price that a limited partner would be able to obtain for its limited partnership interests.

#### ***VI. Disciplinary Information***

There are no legal or disciplinary events that are material to an investor's evaluation of the Fund or the integrity of the General Partner.

#### ***VII. Other Financial Industry Activities and Affiliations***

Baird, a Wisconsin corporation and an entity related to the General Partner by virtue of Baird's control of the General Partner, acts as a registered investment advisor to various clients, including individuals, institutions and a registered investment company. Baird is also registered as a broker/dealer. As an investment banking firm, Baird provides a range of mergers and acquisitions advisory, consulting and other business services to its clients, some of which may result in conflicts of interest between the Fund, on one hand, and Baird and certain of its clients, on the other hand. In certain instances, some of such conflicts of interest may be resolved in a manner adverse to the Fund and its ability to achieve its investment objectives. During the Investment Period, the Principals will pursue all appropriate investment opportunities exclusively through the Fund, subject to certain limited exceptions. The Principals may spend a portion of their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Fund for other investment funds and other than on behalf of the Fund. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments, although the Principals expect that the time required to do so will be less than will be spent on Fund matters. Baird has a Conflicts of Interest policy that covers each of the general partners of the private equity funds that are registered investment advisers. This policy also covers Baird and its affiliated entities with respect to the dealings with (i) the various limited partnerships of the general partner and (ii) various companies in which the Funds own an interest. In addition, these policies cover Baird associates with respect to their investments in private securities.

As a result of Baird's ownership of the General Partner and the other powers granted to Baird in the General Partner's limited liability company agreement, Baird can influence certain decisions regarding transactions undertaken by portfolio companies of the Funds. In addition, Baird may provide certain services to the Funds, including accounting and brokerage. Under the terms of each Fund's Partnership Agreement, Baird may charge the Fund for these services; provided that the General Partner believes in good faith that Baird can provide such services at no greater cost than would be the case if unaffiliated third parties were to provide such services.

Other general partners of private equity funds that are registered investment advisers and controlled by Baird include the following:

Baird Capital Partners Management Company III, LLC, a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Capital Partners III Limited Partnership, BCP III Special Affiliates Limited Partnership and BCP III Affiliates Fund Limited Partnership, all of which invest in late-stage growth and change of control private equity opportunities. Baird Capital Partners Management Company IV, LLC, a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Capital Partners IV Limited Partnership, BCP IV Special Affiliates Limited Partnership and BCP IV Affiliates Fund Limited Partnership, all of which invest in late-stage growth and change of control private equity opportunities. Baird Capital Partners Management Company V, LLC, a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Capital Partners V Limited Partnership, BCP V Special Affiliates Limited Partnership and BCP V Affiliates Fund Limited Partnership, all of which invest in late-stage growth and change of control private equity opportunities. Baird Venture Partners Management Company I, LLC, a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Venture Partners I Limited Partnership, BVP I Affiliates Fund Limited Partnership, and Baird Venture Partners I (B) Limited Partnership, all of which invest in early to growth-stage venture capital opportunities. Baird Venture Partners Management Company III, LLC, a Delaware limited liability company and an entity related to the General Partner by virtue of common ownership and control, is the general partner of Baird Venture Partners III Limited Partnership, BVP III Special Affiliates Limited Partnership and BVP III Affiliates Fund Limited Partnership, all of which invest in early to growth-stage venture capital opportunities. Baird Capital Partners Asia Management I Limited Partnership, a partnership organized under the laws of the Cayman Islands, is the general partner of Baird Capital Partners Asia I (Cayman) Limited Partnership, Baird Capital Partners Asia I Limited Partnership and BCPA I Affiliates Fund Limited Partnership, all of which make growth equity investments in smaller, high potential companies with substantial operations and growth opportunities in China.

The Principals may spend a portion of their business time and attention pursuing investment opportunities that do not fall within the investment objectives of the Fund for other investment funds and other than on behalf of the Fund. The Principals and the General Partner's investment staff will continue to manage and monitor such investment funds and investments, although the Principals expect that the time required to do so will be less than will be spent on Fund matters. The significant investment of the Principals in the Fund, 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 have economic interests in such other investment funds and investments as well and receive management fees and carried interests relating to these interests.

#### ***VIII. Code of Ethics, Participation or Interest in Client Transactions and Personal Trading***

The General Partner follows a code of ethics (the "Code") for standards of business conduct and personal securities transactions. The Code restricts, among other things, the direct purchase and sale by employees for their own accounts of securities that have been or are in the process of being purchased or sold for client accounts within certain limits. The Code also addresses the approval of associate accounts, trading policy, outside brokerage accounts, reporting of securities and transactions, inside information, outside business activities, political contributions, and gifts and entertainment. Personal securities transactions by employees who manage client accounts are required to be conducted in a manner that assures that the interests of the clients take precedence. All personal securities transactions must be conducted in a manner as to avoid any actual or potential conflict of interest or any abuse of an individual's position of trust and responsibility. If you would like a copy of the Code, please contact Scott Skie at (312) 609-4664 and it will be provided to you at no charge.

Principals and employees of the General Partner and its affiliates may directly or indirectly own an interest in Private Investment Funds including the Fund. In addition, the General Partner may recommend the purchase or sale of securities for client accounts in which one or more of its members, officers, directors, employees (and members of their families) or affiliates ("affiliated persons"), directly or indirectly, have a position or interest, or which an affiliated person buys or sells for himself or herself. Such transactions also may include trading in securities in a manner that differs from or is inconsistent with the advice given to the clients of the General Partner or the Funds. The significant investment of the Principals in the Fund and the Principals' interest in the carried interest, operate to align, to some extent, the interest of the Principals with the interest of the investors, although the Principals have economic interests in other investment funds and investments as well and receive management fees and carried interests relating to those interests.

Baird, as a broker/dealer, investment banker and investment adviser, continually engages in various securities transactions and trading activities, which could create a conflict of interest with clients. Baird may warehouse transactions for the Funds as more fully described in the Partnership Agreement. Also, each of Baird's investment advisory departments has internal procedures in place to ensure that Baird will not act in a principal capacity for any transaction in a client's account absent appropriate prior client approval of the transaction. Accordingly, when acting as an investment adviser, Baird generally acts only in an agent capacity in transactions effected for client accounts. The advisory agreements entered into by clients for the respective Baird investment advisory departments, where applicable, disclose the possibility of Baird's role in potential transactions and the possible conflicts. Each customer confirmation discloses the capacity in which Baird served in the transaction and whether Baird is a market maker in the issue.

## ***IX. Brokerage Practices***

If the General Partner trades a publicly traded securities for a Fund, it is responsible for directing orders to broker-dealers to effect securities transactions for accounts managed by the General Partner. The General Partner selects brokers on the basis of best price and execution capability. In selecting a broker to execute client transactions, the General Partner may consider a variety of factors, including: (i) prompt execution of orders, (ii) the reliability, integrity, financial condition and execution capability of the firm being considered for effecting transactions in light of the size and difficulty of executing the order, (iii) the price and (iv) the capabilities of firms to supply research services.

The General Partner has 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 minimize the expenses incurred for effecting client transaction to the extent consistent with the interests and policies of the accounts. Although the General Partner generally seeks competitive commission rates, it will 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. In addition, the General Partner may use the brokerage services of an affiliate as long as the terms of the arrangement are no less favorable than would be provided by an unaffiliated third party.

Consistent with obtaining best execution, brokerage commissions on client transactions may be directed to brokers in recognition of research furnished by them. Such research services include economic research, market strategy research, industry research, company research, fixed income data services, research services, and portfolio performance analysis. As a general matter, research provided by these brokers may be used to service all of the General Partner's clients. However, each and every research service may not be used for the benefit of each and every account managed by the General Partner, and brokerage commissions paid by one account may apply towards payment for research services that might not be used in the service of that account. Research services may be shared between the General Partner and its affiliates. When client's brokerage commissions are used to obtain research or other products or services, the General Partner receives a benefit because the General Partner does not have to produce or pay for the research, products or services and this may create an incentive to recommend a broker based on an interest in receiving the research or other products or services, rather than on the clients' interest in receiving most favorable execution. The General Partner did not acquire any products or services with client brokerage commissions within the last fiscal year.

There is no agreement or formula for the allocation of brokerage business on the basis of research services. The General Partner may, in its discretion, cause the client accounts to pay such brokers a commission for effecting portfolio transactions in excess of the amount of commission another broker adequately qualified to effect such transactions would have charged for effecting such transactions. This may be done where the General Partner has determined in good faith that such commission is reasonable in relation to the value of brokerage and research services received. In reaching such a determination, the General Partner would not be required to place or attempt to place a specified dollar value on the brokerage or research services provided by such broker.

The General Partner will periodically determine which brokers have provided research that has been helpful in the management of client accounts. To the extent consistent with the General Partner's goal to obtain best execution for clients, the General Partner seeks to place a portion of the trades that it directs with the brokers who are identified through this process. The General Partner is able to furnish a continuous investment program to its clients by using information provided by broker-dealers as well as other research. The General Partner considers access to such information to be an important element of investment decision making. 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 client accounts are completed independently, the General Partner may also purchase or sell the same securities or instruments for a number of accounts simultaneously. From time to time, the General Partner may, but is 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 client of the General Partner is favored over any other client. When an aggregated order is filled in its entirety, each participating client account generally will receive the average price obtained on all such purchases or sales made during such trading day. When an aggregate order is partially filled, the securities purchased or sold will normally be allocated on a pro rata basis to each client account participating in such buy or sell order in accordance with the amount of securities originally requested for such account. Each client account generally will receive the average price obtained on all such purchases or sales made during such trading day. Exceptions to pro rata allocations are permissible provided they are fair and equitable to clients over time.

## ***X. Review of Accounts***

Investments of the Fund made by the General Partner generally are long-term in nature and illiquid. Accordingly, the review process is generally not directed toward short-term sell decisions. However, the General Partner closely monitors companies in which its Funds invest and generally will maintain an ongoing oversight position in such companies.



The Fund will provide to its limited partners (i) annual audited and quarterly unaudited financial statements, (ii) annual tax information necessary for each limited partner's tax return, (iii) quarterly information describing each new portfolio company investment or the occurrence of any material event relating to any portfolio company investment.

#### ***XI. Client Referrals and Other Compensation***

The Funds will be permitted to purchase services from and otherwise engage in transactions with Baird and individuals who are officers or directors of Baird, provided that, in the case of such a purchase of services, the General Partner must determine that the terms are fair and reasonable to the Funds, and in the case of such a transaction, such transaction will be on terms no less favorable to the Funds than generally would be afforded to unrelated third parties in comparable transactions.

The General Partner may have paid a placement or referral fee to Baird employees or third parties for soliciting limited partners to invest in the Fund. Any such fee paid to third parties would have been paid pursuant to a Solicitation/Referral Agreement between the General Partner and such third party. The amount of any such fees would have been disclosed to the referred limited partner prior to such person becoming a limited partner in the Fund.

#### ***XII. Custody***

The General Partner maintains custody of each Fund's assets with Baird, a qualified custodian. The limited partner will receive accounts statements from Baird and limited partners should carefully review those statements. Limited partners should also compare the statements received from Baird with the statements received from the General Partner.

#### ***XIII. Investment Discretion***

As the General Partner provides advisory services to the Funds, the General Partner does not tailor its advisory services to the needs of individual investors nor does it permit individual investors to impose restrictions on investing in certain securities or types of securities. Investors grant discretionary authority to the General Partner to make investments for the Funds. In connection with making a commitment to the Funds, an investor is required to execute a power of attorney granting the General Partner authority to act on the investor's behalf.

#### ***XIV. Voting Client Securities***

In accordance with SEC requirements, the General Partner has adopted Proxy Voting Policies and Procedures (the "Proxy Policy") to address how the General Partner will vote proxies for each Fund's portfolio investments. The Fund Partnership Agreement grants the General Partner the authority to vote proxies on behalf of the Fund. The Policy seeks to ensure that the General Partner 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 General Partner generally believes its interests are aligned with each Fund's investors through the General Partner's Principals' beneficial ownership interests in the Funds. In the event, however, there is or may be a conflict of interest between the General Partner and the Fund in voting proxies, the General Partner may address the conflict using several alternatives, including by seeking the approval or concurrence of a Fund's advisory board on the proposed proxy vote or through other alternatives set forth in the Proxy Policy. The General Partner does not consider service on portfolio company boards by General Partner personnel or the General Partner's 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 Proxy Policy sets forth certain specific proxy voting guidelines the General Partner follows when voting proxies on behalf of the Fund. If you would like a copy of the Proxy Policy or information regarding how the General Partner has voted proxies on behalf of the Fund, please contact Scott Skie at (312) 609-4664 and it will be provided to you at no charge.

#### ***XV. Financial Information***

The General Partner's financial condition is such that there is no reasonable likelihood that it will impair the General Partner's contractual commitments to the investor.